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INTERNATIONAL ECONOMIC RELATIONS

No. 15



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## CONTENTS

## USSR WORLD TRADE

Review of Soviet Foreign Aid, 1976-1980 (I. Kapranov; EKONOMICHESKAYA GAZETA, Apr 81).....	1
Results of Soviet Foreign Trade for First Quarter 1981 Summarized (AW DDR AUSSENWIRTSCHAFT, 29 Jul 81).....	9

## USSR-CEMA TRADE

CEMA's Great Dependence on Soviet Union Underlined (I. Dudinsky; INTERNATIONAL AFFAIRS, Jul 81).....	11
USSR-CEMA Cooperation in Energy, Science Noted (A. Oborotov; INTERNATIONAL AFFAIRS, Jul 81).....	21

## TRADE WITH LDC'S

Financial, Economic Cooperation of Socialist, Developing Countries (A. Chekhutov; MIROVAYA EKONOMIYA I MEZHDUNARODNYYE OTNOSHENIYA, Apr 81).....	24
Overview of Aid, Cooperation of Socialist Community With Developing Nations (R. N. Andreyan; NARODY AZII I AFRIKI, No 2, 1981).....	39
Briefs Afghan Printers Train in USSR	52

## USSR WORLD TRADE

### REVIEW OF SOVIET FOREIGN AID, 1976-1980

Moscow EKONOMICHESKAYA GAZETA in Russian No 17, Apr 81 pp 20-21

[Review by I. Kapranov, chief of the Department of Planning and Economics, USSR GKES /State Committee for Foreign Economic Relations/: "With the Aid of the Soviet Union"; passages enclosed in slantlines printed in boldface/

[Text] An important trend in the activity of the Soviet state, it was noted at the 26th CPSU Congress, is expansion of economic and scientific and technical ties with foreign countries and utilization of mutually beneficial international division of labor to improve the efficiency of public production.

One of the forms of the USSR's foreign economic activity is provision of aid to foreign countries in the construction of industrial and other projects. Complete sets of Soviet equipment and materials valued at 10.3 billion rubles were provided for such enterprises and other projects during the 10th Five-Year Plan, compared with 5.6 billion rubles in the Ninth Five-Year Plan.

In the 1976-1980 period, 640 industrial and other national economic projects were fully or partially put into operation abroad with the economic and technical assistance of the USSR. About 490 of these projects were commissioned in the socialist countries, including 434 in CEMA countries. More than 150 projects were put into operation in developing countries.

\* \* \*

During the years of the 10th Five-Year Plan, capacities for the production of 5.5 million tons of cast iron, 6.5 million tons of steel, 8.8 million tons of rolled metal, and more than 4.6 million tons of cement; for the refining of 5 million tons of petroleum; and for the mining of 10.2 million tons of coal were put into operation in socialist countries with USSR economic and technical aid. The installed capacity of electric power stations was increased by 7.6 million kilowatts, including an increase of 2.2 million kilowatts for nuclear electric power stations. A significant number of the new capacities were commissioned just in 1980.



/In Bulgaria,/ a third power unit [energoblok] with a capacity of 440 megawatts was put into operation at the "Kozloduy" AES [nuclear electric power station] last year, and its capacity has now reached 1,320 megawatts. Collaboration has been continued in construction of thermal electric power stations based on local lignites. The "Bobov Dol" coal mine with a capacity of 4 million tons annually and the southern half circle of the gas pipeline from the USSR to Bulgaria were under construction. Metallurgical combines in Kremikovtsi and Pernik were renovated and expanded. At the hardware plant in Roman, the first section, with a capacity of 100,000 tons of high-carbon wire and cable, has begun operation. Construction is being completed on the large "Elatsite" ore mining and concentration combine, with a capacity of 10 million tons of ore. Construction has continued on the "Asarel" copper concentration combine. The aluminum sections plant in Shumen, the iron foundry in Ikhtiman, the wrought iron plant in Lovech, the second section of the plant to produce chlorine at the chemical combine in (Devin), and the methyl methacrylate shop at the chemical combine in Stara Zagora have been put into operation. Renovation of a number of industrial rubber enterprises has been completed. The first operation line of the cement plant in Temelkovo has been commissioned.

/In Hungary,/ construction operations were completed last year on the first unit, with a capacity of 440 megawatts, at the 1,760-megawatt "Paks" AES. Construction operations also are proceeding at a rapid pace on the second unit. An oxygen converter shop with a capacity of 1 million tons of steel (here and further--annually) is being built at the Danube [Dunayskiy] Metallurgical Plant. A by-product coke furnace battery for 1 million tons of coke and a sintering mill for 2 million tons of agglomerate are being installed right here. A cement plant has been put into operation at full capacity (1.2 million tons) in Belapattfal'va. A grain elevator has been put into operation in Gyongyos. Equipment for two combines of winter hothouses has been delivered.

/Vietnam/ is being provided with significant assistance in developing a fuel and power base: under construction are the "Hoa Binh" hydraulic development on the Black (Da) River with a 1,920-megawatt GES [hydroelectric power station]; the 640-megawatt ("Falay") thermal electric power station; the ("Falay")-Vinh LEP [power transmission line], which runs for 486 kilometers; and the ("Hong-z'yung") and ("Vangzan") coal mines. The ("Kaoshon") open-pit coal mine has been put into operation, and a machinery plant for repairing open-pit equipment has been expanded in (Kamfa). Equipment has been provided for the (Tintuk) tin mine, the Lao Cai apatite mine, the superphosphate plant in (Lamtkhao), voltaic cell plants, plants to repair construction and road machinery and trucks, for the Hanoi-Ho Chi Minh City railroad, the ("Tkhanglong") bridge over the Red River, the trade union palace of culture in Hanoi, the (Bimshon) cement plant, a milling combine, tea mills, and polytechnic and agricultural institutes in Hanoi; equipment has been provided to fit out brigades building irrigation structures, for developing virgin and long-fallow lands; and state farms raising citrus and tropical crops have been expanded.

Complete sets of equipment have been exported /to the GDR/ for construction of the 4,000-megawatt ("Enschwalde") TES [thermal electric power station], for which power units of 500 megawatts each are being shipped from the USSR. Construction of the 3,520-megawatt "Nord" nuclear electric power station has been continued. Equipment has been delivered for the machine to crosscut hot-rolled bars [polosy] at the "Ost" metallurgical combine in Eisenhüttenstadt. A mobile crushing and sorting unit, a plant for large-panel house construction, and an operation line for ceiling panels have been put into operation.

/In the Republic of Cuba,/ a unified electric power system was established with the commissioning of the Cienfuegos-Santa Clara-Vicente-Nuevitas power transmission line (452 kilometers). The "Rente" TES in Santiago de Cuba has been enlarged up to 500 megawatts and the "Maximo Gomez" TES in Mariel has been enlarged up to 600 megawatts; the Mariel-Santa Clara power transmission line (350 kilometers) and the Rente-Cueto-Punta Gorda power transmission line (480 kilometers) have been under construction; and deliveries of equipment for construction of the "Juragua" nuclear electric power station have begun. Expansion of the Jose Marti metallurgical plant in Havana has continued. Deliveries of equipment have begun to establish a construction base for a metallurgical plant with a capacity of 1 to 1.3 million tons of steel in Holguin Province, major repair and renovation of operating nickel plants in Moa and Nicaro have been continued, and construction of a nickel plant in Punta Gorda has been developed on a broad front. Construction of the oil refining plant in Cienfuegos and renovation of the "Hermanos Diaz" oil refining plant in Santiago de Cuba have been continued. Renovation of the ("Tel'va") and ("Bel'yoteks") textile mills has been completed. Construction of the metal structures plant in Las Tunas has been completed. Large quantities of equipment and materials have been delivered to develop the sugar industry; aid in the agricultural field has been continued. Renovation of the Havana-Santiago de Cuba railway trunk line has been under way, and a plant to make reinforced concrete sleepers in Santa Clara and a container terminal in the port of Havana have been under construction.

/In Mongolia,/ expansion of TETs-3 [heat and electric power station No 3] in Ulan Bator and the TETs in Choybalsan has been completed, which has made it possible to overcome the lack of heat in these cities. The Ulan Bator-Nalaykha-Baganur power transmission line (120 kilometers) has been put into operation, and construction of power transmission lines in rural regions with a total length of 400 kilometers has been completed. The 380-megawatt TETs-4 in Ulan Bator and the Baganur open-pit coal mine are under construction, and the (Sharyn-Gol) and (Adun-Chulun) open-pit coal mines are being expanded. The second section—and in February 1981 the third section—of the "Erdenet" copper and molybdenum mining and concentration combine, the capacity of which now has reached 12 million tons of ore annually, have been put into operation. Construction of three fluorspar mines has been continued. Equipment has been delivered for a house-building combine and a cement and lime plant. Assistance in developing agriculture and the light and food industry has been continued.

/In Poland,/ two boiler units, each of which produce 650 tons of steam per hour, have been put into operation at the "Polanets" TES. Shipments of equipment have been made for the Katowice Metallurgical Combine; gas industry projects; reclaimed rubber, hydrogen peroxide, and large-panel house-building plants; a cement plant; a reinforced concrete conduit plant; and a plant producing precast reinforced concrete components for construction of the Warsaw subway. Equipment for full sets of unitized hothouses, each with an area of 6 hectares, has been delivered; four hothouses have been put into operation.

/In Romania,/ the sixth power unit with a capacity of 210 megawatts at the "Deva" TES, as well as an installation for isomerization of normal pentane into isopentane, which will make it possible to provide domestic raw material to produce isoprene rubber, have been put into operation. Deliveries of equipment have continued for the metallurgical combine in Galati, for the production of pipe at plants in Zalau and Zimmicha, three caustic soda plants, a plant for making rayon pulp from beech, and units for turning out multiple-ply cardboard.

/In Czechoslovakia,/ the 800-megawatt ("Bogunitse") V-1 nuclear electric power station has been put into operation. Deliveries for the ("Bogunitse") V-2 nuclear electric power station, which has the same capacity, have been under way. Preparation has been made for construction of the ("Dukovany") nuclear electric power station. An agreement has been signed for aid to the CSSR in building the 1,760-megawatt ("Mokhovtse") AES. Renovation of individual plants of the paper and pulp combines in (Vranovo) and Zilina has been completed. Equipment has been provided for a raw sulfate pulp plant and installations to produce carbon black and color television. In the Prague subway, two 8-kilometer sections have been put into operation; as a result, the total length of subway lines has been brought up to 20 kilometers.

\* \* \*

Collaboration with other socialist countries was expanded substantially in 1980.

/In Laos,/ a motor vehicle repair shop has been put into operation, and the first section of a tin mining enterprise has been restored in (Font'yu). Equipment has been provided for a shop to repair agricultural machinery, a hospital, a livestock-raising farm, for a road-building brigade and a brigade for building bridges on motor roads, and a stone quarry.

/In Kampuchea,/ equipment has been provided for the maritime port of Kompong Som and the river port of Phnom Penh, and for brigades to recondition and build vehicle and railway bridges and motor roads. Agreements have been signed for aid in rehabilitating a 500-bed hospital, for completing four provincial hospitals and sanitation and epidemic stations [sanepidemstantsii], and for rehabilitating a higher technical school, the power supply for key industrial centers, and agricultural and fishing industry projects.



/In the DPRK,/ the (Pukchong) thermal electric power station, the country's largest, has been enlarged from 1,200 to 1,600 megawatts. The 150-megawatt (Changdin) TETs has been under construction. At the Kim Chak metallurgical plant, construction is being completed on a shop for cold-rolled sheet metal. Construction has been continued on plants to produce small electric motors and vehicle batteries (both on a compensation basis), a plant producing bearings, an aluminum plant in (Pukchong), and a plant to produce ammonia in (Aoji), and coal mines in (Anju) have been expanded.

/In Yugoslavia,/ the "Kostalate-III" TES has been put into operation, and three more thermal electric power stations have been under construction. Shipments of equipment have been made for the ("Titova Rudnitsa") mine--the ("Kreka Banovichi") being expanded by 4.5 million tons. Construction is being completed on a shop for continuous steel teeming in Skopje and the metallurgical combine in Smederevo is being expanded. Broad collaboration is being carried out in nonferrous metallurgy and oil refining. Equipment has been provided for vehicle battery plants being built on a compensation basis and elevators.

In the 1976-1980 period, the shipments of various products for the national economy of the USSR from projects built in socialist countries with Soviet aid reached nearly 15 billion rubles. In particular, goods received during the five-year plan from these projects in Bulgaria were valued at more than 2 billion rubles, including 2.2 million tons of soda ash, 1.2 million sets of tires for motor vehicles and battery-operated trucks, more than 163,000 mowing machines, 109,000 battery-operated trucks, 321,000 electric telfers, vehicle spare parts valued at 56 million rubles, medicines valued at 93 million rubles, and champagnes valued at 57 million rubles. Unrefined sugar and nickel concentrate is imported from the Republic of Cuba; copper and molybdenum concentrates, fluor-spar, wool and wool products are imported from Mongolia; sulfur, soda ash and machine building output are imported from Poland; an assortment of oil pipe, soda ash and caustic soda are imported from Romania; products of tropical agriculture are imported from Vietnam; rolled steel, nonferrous metals, enamel-insulated wire and cement are imported from the DPRK; and aluminum oxide, lead, zinc and antimony are imported from Yugoslavia.

\* \* \*

In just the last 5-year period, capacities were put into operation in developing countries with USSR aid for the production of 4.4 million tons of cast iron, 5.4 million tons of steel, and 2.4 million tons of rolled metal, for the extraction of 26 million tons of petroleum and 2.5 million tons of bauxite, and for the production of 154,000 tons of aluminum; 1,443 kilometers of oil pipeline were built. The installed capacities of electric power stations were increased by 3 million kilowatts.

/In Algeria,/ construction was completed in 1980 on the largest project of collaboration--the metallurgical plant in (El-Hodjara): its capacity was expanded from 0.41 to 2 million tons of steel; a blast furnace 2,000 cubic meters in volume and two converters of 85 tons each were put into operation. Geological surveys were conducted. Deliveries of equipment for 34 training centers were continued.



/In Angola,/ an experimental farm for cultivating wheat and a state farm for growing cotton in the Luanda region were put into operation, construction is under way on three petroleum bulk plants, and equipment is being provided for soil irrigation. Collaboration is being carried out successfully to restore road and railroad bridges. Soviet organizations are continuing to render assistance in operating the shipyard in Lobito, renovated with the aid of the Soviet Union. A protocol has been signed to provide aid in establishing a North-Center-South power system, as well as five state farms.

/In Afghanistan,/ geological exploration operations for oil and gas and the construction of gas industry enterprises have been continued. Aid has been provided to enlarge the TES in Mazar-e-Sharif; to renovate the house-building combine in Kabul; and to build a petroleum bulk plant, a bridge across the Amu-Dar'ya in the (Khayraton) region, a bakery, an elevator and mill in Mazar-e-Sharif, a mill in (Puli-Khumri), a bakery in Kabul, a cannery in Jalalabad, machine and tractor stations, training centers, public health projects, and other projects. The volume of output produced at projects with Soviet-Afghan cooperation in 1980 amounted to about 50 percent of the output of all factory and plant industry in Afghanistan and 70 percent of the output of its state sector. Agreements have been signed for additional aid to Afghanistan in key sectors of the national economy.

/In India,/ operations have been continued to expand the metallurgical plants in Bhilai and (Bokaro) up to a capacity of 4 million tons of steel annually at each plant. Implementation of an agreement has begun for collaboration in the construction of a third plant in (Vizagapatam) with a capacity of 3 million tons of steel. At the aluminum plant in (Korba), with a capacity of 100,000 tons of aluminum, a line for processing thin sheet and a large press have been put into operation. Construction has been completed on the country's largest oil-refining plant in (Matura), with a capacity of refining 6 million tons. Aid has been provided to build a subway in Calcutta. Complete units have been delivered for production at a heavy electrical equipment plant in (Khardvar) and a heavy machine building plant in Ranchi. Agricultural machinery has been provided for state farms in Suratgarh.

On 10 December 1980 in New Delhi, L. I. Brezhnev and I. Gandhi signed the Agreement on Economic and Technical Assistance, which provides for India to receive aid in developing the fuel and power sectors, including construction of a TES with a first-section capacity of 1 million kilowatts, establishment of high-capacity open-cut coal mines, construction of a power transmission line, exploration for oil and coal, expansion of the capacities of metallurgical plants in Bhilai and (Bokaro) up to 5 million and 5.5 million tons of steel per year, respectively, construction on a compensation basis of an alumina plant with a capacity of 600,000 to 800,000 tons, and a number of other projects.

/Iraq/ has been provided with equipment for such large-scale projects as the 840-megawatt "Nasiriya" TES, a hydraulic power complex on the Euphrates in the region of (Khadit) with a reservoir and a 570-megawatt GES, a connecting canal from Lake Tartar to the Tigris River 65 kilometers long, the Al Falluja diverting dam on the Euphrates, and a petroleum bulk plant in New (Karkh). Grain elevators have been put into operation in Kirkuk and (Samava).

/In Iran,/ a grain elevator in (Keredzha), the first section of a house-building combine in (Kakhremanshakhra), coal-concentrating works in Zarand, and a converter and two sintering machines in the first section to expand the Isfahan metallurgical plant have been put into operation. Equipment has been provided to expand the "Ramin" TES and the "Isfahan" TES.

/In the People's Democratic Republic of Yemen,/ geophysical explorations for oil and gas have been continued and a fishing port has been under construction in Aden. Most of the equipment and materials have been provided for construction of the republic's largest public health project—a 300-bed hospital. Operations have begun to build a construction base for a TES with a desalinization complex in Aden, and the drilling and arrangement of boreholes for irrigation and construction of irrigation networks have been continued. Mainline canals and distributive canals from catchment dams have been under construction. A repair base with a training ground for irrigation projects has been set up in Aden. Four fishing trawlers have been delivered.

/In Nigeria,/ construction of the main project of collaboration—the metallurgical plant in (Adzhaokuta) with a capacity of 1.3 million tons of steel—has been under way. Construction of a system of petroleum product pipelines with a total length of 906 kilometers, five pumping stations and four measuring points has been completed. A training metallurgical complex is being established. Soviet specialists, together with their Nigerian colleagues, are continuing geological exploration operations.

/Syria/ has been provided with equipment for three 220-kilovolt power transmission lines with a total length of 450 kilometers. The length of all power transmission lines built with Soviet-Syrian cooperation totals 1,675 kilometers. Construction of an irrigation network over an area of 17,000 hectares has been continued.

Construction of a dam on the North (Kebir) River has been under way on a broad front. Hydrogeological and hydrological surveys have been conducted. Aid has been provided in utilization of the Euphrates hydraulic power system. According to the calculations of Syrian specialists, the Euphrates GES last year provided 70 percent of all the country's electric power and produced about 80 million rubles in income. Overall construction of the Al Qamishli-Latakia Railroad, 758 kilometers long, has been completed.

/Turkey/ has been provided with assistance in expanding the Iskenderum metallurgical plant from 1 million to 2.2 million tons of steel and in joint construction of a dam and reservoir on the Akhuryan River on the border. Equipment has been provided for the hydrogen peroxide plant in Bandirma and expansion of the oil refining plant in (Aliaga) from 5 to 10 million tons of oil. Establishment of a training center at the Iskenderum plant is being completed.

/In Ethiopia,/ construction of petroleum bulk plants has been under way in Assab, Bahir Dar and other large cities. Seismic prospecting operations have been conducted for oil and gas, and grain and combined fodder warehouses with a total capacity of 206,000 tons have been under construction. Protocols have been signed

for collaboration in construction of a cement plant with a 600,000-ton capacity, an earth dam on the (Alvero) River, establishment of an irrigation system to develop 10,000 hectares of land in the Gambela region, and for aid to increase the capacity of the state construction organization and to build grain warehouses.

Cooperation has been developed with other liberated states.

/In the Yemen Arab Republic,/ the cement plant in Bajil and a moorage in the port of Al Hudaydah have been projects of collaboration; /in Pakistan,/ a metallurgical plant in Karachi with a capacity of 1.1 million tons of steel and the 210-megawatt "Guddu" TES; in /Sri Lanka,/ expansion of the metallurgical plant in (Oruvel); in /Guinea,/ a scientific research center; in /Guinea-Bissau,/ diesel electric power stations and drilling of boreholes for water; in /Benin,/ an experimental production farm on an area of more than 1,000 hectares; in /Madagascar,/ a medium-wave radio station and geological exploration operations; in /Egypt,/ a metallurgical plant in Helwan, an aluminum plant in Nag-Hammadi, cement plants in Asyut and (El-Tabbin), electrification of rural regions, and irrigation and development of desert and long-fallow lands; and in /Tunisia,/ dams on the (Dzhumin) and (Rezala) Rivers and expansion of the national technical institute.

The volume of output imported by the USSR in the 1976-1980 period from developing countries with enterprises built with USSR aid amounted to more than 2.8 billion rubles, including 41.1 billion cubic meters of gas, 23.4 million tons of oil, 11.6 million tons of bauxite, about 240,000 tons of alumina, 536,000 tons of cast iron, 220,000 tons of rolled metal, and other goods. Items also shipped in payment for complete units of Soviet equipment consist of ores and concentrates of nonferrous metals, natural rubber, cotton, jute, yarn, fabrics, knitted goods, linen hides, leather footwear, coffee, cocoa beans, tea, spices, citrus and dried fruits.

The Basic Directions approved by the 26th CPSU Congress set the task of developing in the future on a long-term and equitable basis the mutually beneficial exchange of goods and all-round economic, scientific and technical and other ties of the Soviet Union with developing countries. To continue providing these countries with economic and technical assistance in building industrial enterprises and power, agricultural and other projects which contribute to reinforcement of their economic and political independence.

8936

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## USSR WORLD TRADE

### RESULTS OF SOVIET FOREIGN TRADE FOR FIRST QUARTER 1981 SUMMARIZED

East Berlin AW DDR AUSSENWIRTSCHAFT in German No 31, 29 Jul 81 p 2

[Article: "Results of Soviet Foreign Trade in the First Quarter of 1981]

[Text] The foreign trade turnover of the USSR in the first quarter of 1981 amounted to around R25.3 bil. It exceeded the volume of the corresponding period last year by 15.4%. Imports increased more rapidly than exports. Imports rose by 19.1% to R13.2 bil., while exports grew by 11.6% to R12.1 bil.

#### The Socialist Countries

The turnover of goods with the socialist countries amounted to R13.7 bil., which was 11.7% more than in the first quarter of 1980 and was 54.2% of the total volume of Soviet foreign trade. At the same time the goods exchange with the CEMA countries increased by 10.2% to R12.4 bil. Turnover with the SFRY (+48.7%), the SRV (+26.1%), the Hungarian People's Republic (+21.2%), the Mongolian People's Republic (+19.8%), the CSSR (+15.9%) and the GDR (+15.7%) developed in an especially dynamic manner.

In trade with the socialist countries, the USSR's exports registered a distinctly higher rate of development than did imports. It climbed by 14.2% to R7.2 bil., including an increase of 15.3% in the CEMA countries to R6.6 bil., while imports grew by 9% to R6.5 bil.--including an increase of 4.6% from the CEMA countries, to R5.8 bil. Exports to the People's Republic of Bulgaria, the Polish People's Republic, the CSSR, the Mongolian People's Republic, the SRV and the Republic of Cuba increased at an above-average rate. Soviet foreign trade statistics identify fundamentally higher increases in imports than the average for the socialist countries in trade with the Hungarian People's Republic, the GDR, the Socialist Republic of Romania, the SFRY (+96.7%) and the Mongolian People's Republic.

#### Developing Countries

The exchange of goods with the developing countries in the first quarter of the year evinced the highest dynamism. In comparison with the analogous period of last year, it increased by 30.5% to R3.5 bil., whereby Soviet exports increased by 18.8% to R1.8 bil. and imports increased by 46.3% to R1.7 bil. Of especially great importance in this regard is the development of goods turnover with India. The goods exchange with this the largest trading partner of the developing countries climbed by 30.5% to around R527 mil., whereby imports grew by 77% to around R315 mil. Goods exchange with, inter alia, Indonesia, the PDRY, Syria, Thailand, Algeria, Morocco, Mozambique,



Nigeria, Tanzania, Ethiopia, Argentina, Brazil and Mexico registered above-average growth rates. Thus, in part the turnover increased three- and four-fold, above all owing to high increases in exports to the PDRY, Syria, Algeria, Mozambique, Ethiopia, Nigeria, Panama and Mexico, while high increases in imports led to an above-average increase of trade turnover with, inter alia, Indonesia, Thailand, Morocco, Tanzania, Argentina and Brazil. The goods turnover with Iran and Egypt remained at about the level of the first quarter of 1980, and goods exchanged with Iraq registered a rapid decline. Next to India, the largest trading partners in the first three months of this year were (in millions of rubles) Argentina (361), Syria 162), Afghanistan (156), Brazil (140), Iran (127), Libya (102), Thailand (95) and Egypt (90). Nearly 50% of the goods exchange is concentrated in these countries.

#### Industrialized Capitalist Countries

The goods exchange with the industrialized capitalist countries increased by around 16.2% to around R8 bil. At the same time exports climbed by 2.6% to around R4.9 bil. The development of trade with Finland, Italy, Japan, Austria and Spain impacted on increasing goods exchange by about R1.1 bil. in comparison to the first quarter of 1980--especially on the accounting books. Above-average exchange increments were also obtained with Denmark, Canada, and Australia. Goods exchange with the FRG--the largest trading partner of this group of countries--decreased by 3%.

The USSR realized fundamentally higher increases in exports than the average of this group of countries in relation to Canada (+113.5%), Australia (+75%), Austria (+43.8%), Spain (+42.9%), Italy (+29.4%), France (+14.4%) and the FRG (+10.1%). Imports from Austria, Denmark, Spain, the Netherlands, Finland, Switzerland, Japan, Canada and Australia grew at an above-average rate. Imports from the FRG decreased by 9.4% in relation to the first quarter of 1980; the value of imports in trade with France remained at about the level of the comparable period. The largest trade partners were (in millions of rubles) the FRG (1206), Finland (989), France (953), Japan (810), Italy (720), the USA (585), Great Britain (448), the Netherlands (346), Austria (326), Australia (254) and Belgium (230). These account for 85% of the goods exchange with the industrialized capitalist countries. (Source: Quarterly Statistics of the Soviet Foreign Trade, Supplement to "Foreign Trade of the USSR" 6/81)

CSO: 1826/22

CEMA'S GREAT DEPENDENCE ON SOVIET UNION UNDERLINED

Moscow INTERNATIONAL AFFAIRS in English No 7, Jul 81 pp 20-29

[Article by Prof I. Dudinsky: "Socialist Integration Today"]

[Text]

The past decade in the life of the socialist community countries was marked by their joint efforts aimed at implementing the long-term Comprehensive Programme for Socialist Economic Integration designed to step up their cooperation in production, science and technology, develop their regular links in all sectors of economy and involve their national economies more actively in the mutually advantageous socialist division of labour within the Council for Mutual Economic Assistance (CMEA). "The CPSU and the other fraternal parties", notes the Report of the CPSU Central Committee to the 26th Party Congress, are setting their course on making the coming two five-year periods a time of intensive cooperation among the socialist countries in production, science and technology." It was quite natural, therefore, that in the past decade, economic growth of the fraternal countries depended on the development of their cooperation. In the words of Leonid Brezhnev, "the past decade was marked by the further development and expansion of cooperation between the socialist community countries. This cooperation is a powerful catalyst of each of the fraternal country's development. It is also our joint guarantee of steady progress in these difficult and turbulent times".

The socialist countries have entered the 1980s firmly determined to develop their cooperation still further. The 34th CMEA Session, held last summer, showed again that they were united as ever and resolved to develop their economies by expanding cooperation and steadily implementing the Comprehensive Programme.

"As we know," Leonid Brezhnev said in the Report of the CPSU Central Committee to the Party Congress, "the decisive sector of the competition with capitalism is the economy and economic policy. At our past Congress, we, like the other fraternal parties, set the task of further extending socialist integration on the basis of long-term target-oriented programmes as a top priority. These programmes are to help us resolve the most acute, vitally important economic problems.

"At present, they are being translated into concrete deeds. Integration is gathering momentum."

The Guidelines for the Economic and Social Development of the USSR for 1981-1985 and for the Period Ending in 1990, adopted by the 26th CPSU Congress, formulated the same basic objective—the promotion of cooperation between the socialist countries, more active involvement of the Soviet Union in the integration programme and more intensive economic, scientific and technological cooperation.

Relying on the historical advantages offered by the socialist organisation of society both on a national and an international scale and on their mutual cooperation, the fraternal countries have made impressive progress in their economic and social development. A mature socialist society has been built in the Soviet Union and the country is engaged in the construction of the material and technical basis of communism, while the majority of the other CMEA countries are building a developed socialist society.

The socialist community has entered the 1980s as the most dynamic economic power in the world. At present the CMEA countries account for over 33 per cent of the world's industrial output, over 29 per cent of steel, 21 per cent of electric power, 26 per cent of coal, and over 19 per cent of oil. They lead the EEC countries by 30 per cent in electric power generation, 200 per cent in coal extraction 50 per cent in the output of steel, 40 per cent in the output of cement and by 30 per cent in woolen fabrics production.

Progressive transformations have taken place in the structure of the socialist countries' economies, and their technological level has increased. New industries similar to those of industrialised countries, have been built in many socialist countries. Due to high growth rates of capital investment they have been able to build up their fixed assets which constitute the basis for greater industrial output, and higher quality and wider range of products. The introduction of new machines and equipment, advanced technology and progressive methods of labour organisation has helped improve labour productivity which largely accounts for the growth of industrial output.

In recent years the CMEA countries have ensured further progress in using advantages offered by socialism in solving a major socio-economic problem of bringing closer the levels of economic development in individual countries. The division of the European CMEA countries into agrarian and industrialised, into backward and economically developed ones has now become a thing of the past because since the Council's inception, all of them have emerged as economically developed states. Since the time of the CMEA's foundation, in the CMEA European countries the gap between the highest and the lowest per capita national incomes, which was expressed by a ratio of 3.2 to 1, and between the highest and the lowest volumes of industrial output, which was even more impressive at 5 to 1, has been reduced to 1.3 to 1 and 1.7 to 1 respectively. The economies of the People's Republic of Mongolia, Cuba and, more recently, that of the Socialist Republic of Vietnam, which joined the Council in 1978, are also rapidly developing.

However, in recent years the socialist countries have been facing serious problems, brought about by certain new trends in their national economies. The fact is that the majority of the CMEA member countries have largely used up their resources which enabled them to maintain a purely quantitative growth in the past. In the present situation, any increase in the volume of material production in the foreseeable future will have to be achieved through better utilization of labour, fixed assets and

instruments of labour. It is necessary, therefore, argue the Communist and Workers' Parties, to take new economic measures which will make it possible to improve labour efficiency, increase capital productivity, make production less material- and power-intensive and raise the quality of products. Low efficiency of production, relatively slow introduction of new technology, shortfalls in planning and management stand in the way of intensive development.

At the same time, the socialist community has come up against an international situation which has become more difficult both politically and economically. The world prices of fuel, raw materials and other types of goods have rapidly risen. The industrialised countries of the West have been increasingly adopting protectionist measures and more stringent restrictions on trade with the CMEA countries—the NATO countries use embargo as a main instrument of their aggressive policy towards the Soviet Union and the other socialist community countries. In the years ahead, several CMEA countries will be repaying large credits in convertible currencies, which will inevitably put an additional strain on their economies. In the face of a new upsurge of aggressiveness on the part of the imperialist circles and the attempts to bring back the cold war policies, the socialist countries have been forced to substantially increase their defence expenditures.

This difficult economic situation poses a task of consistently using the possibilities of the international socialist division of labour and economic integration. Among other things, specialisation and cooperation in production are to be speeded up and aimed at making products less material-capital- and labour-intensive. A shortage of many modern types of machines, equipment and instruments on the inter-state market is to be eliminated. The CMEA countries do not use all the possibilities offered by integration for upgrading production concentration, increasing the batch size and improving the quality of specialised goods.

The beginning of the new decade has been marked by a new drive to adapt the organisational structure of management and the national economy mechanism to the requirements of intensive development, with special emphasis placed on the need to increase the rate of scientific and technological progress. In a parallel development, the Communist and Workers' Parties have centred their attention on the task of intensively deepening economic integration. The main strategic objective, which the national planning and economic agencies and CMEA bodies have set out to implement, is to achieve a greater degree of involvement of the national economies in the integration process in order to pool all internal and international factors intensifying production and thereby create the most favourable conditions for building and upgrading of a mature socialist society.

The development of cooperation is a complex long-term objective of the socialist community countries which are relying on their achievements in the implementation of the Comprehensive Programme and on the experience already acquired in pooling their efforts to resolve major economic problems.

The economic and scientific and technological ties among the fraternal countries are built on the solid foundation of common interests and are of a profound and diverse nature. Such large-scale integration projects as the Druzhba oil pipeline and the Mir power grid are operating successfully. The names themselves (Friendship, Peace) mirror the essence



of the new type of economic relations as relations of fraternal cooperation and mutual assistance. The Soviet Union's cooperation with the CMEA countries is concentrated on tackling such vital problems as the development of power generation, providing fuel and raw materials and using them rationally, raising the technical level and quality of the output of the machine-building industry, heightening cooperation in the production of progressive types of machinery and expanding the assortment and upgrading the quality of consumer goods.

The problem of fuel, energy and raw materials has now gained particular urgency. Economic development calls for increasingly greater quantities of fuel and raw materials. However, only limited resources of fuel and raw materials are available, their extraction poses more and more serious problems and the cost is steadily rising. In capitalist countries this has created an acute energy crisis, led to a destabilisation of the world markets and considerably aggravated the contradictions between

fuel and raw-material consumers and exporters. The socialist community countries have adopted a different approach to this problem on the basis of cooperation and mutual assistance. The long-term target-oriented programmes of cooperation in fuel and raw materials specify effective forms of this cooperation and measures aimed at joining their efforts and pooling their resources on an international scale to satisfy the need of every socialist country for fuel, energy and raw materials. Planned economy and mutual cooperation have largely helped to protect the CMEA countries from the crisis phenomena emerging and intensifying in the fuel and energy sector of the capitalist economy. However, the situation that has now evolved in the world has also had a certain effect on the socialist countries' economies forcing them to make maximum use of new ways of intensifying extraction, import and consumption of fuel and raw materials.

The distribution of natural resources in the CMEA countries is extremely uneven. The Soviet Union has the largest deposits of oil, gas, coal, iron ore, non-ferrous metals, and vast forested areas. There are substantial deposits of coal, copper and zinc in Poland; lignite and potassium in the GDR; bauxites in Hungary; copper, molybdenum and coal in Mongolia; large quantities of raw materials for soda and copper production in Bulgaria; coking coal in Czechoslovakia; and nickel in Cuba. At present, the production and mutual exchange within the socialist community enables the CMEA countries to satisfy, almost totally, their needs for oil, natural gas, electric power, iron ore, and for rolled steel. This shows that, compared with the EEC countries which have to import most of their fuel and raw materials from third countries, the socialist community finds itself in a far more favourable situation.

Fuel, energy and raw materials from the Soviet Union account for a substantial share of all the CMEA countries' imports. In the 1976-1980 period, the Soviet Union supplied them with 370 million tons of oil, 88,000 million cu. m. of gas, and 64,000 million kWh of electric power. Their total volume exceeds the corresponding 1971-1975 figure by 50 per cent. In the 1981-1985 period, the Soviet Union will increase its supplies to the other CMEA countries by another 20 per cent, as against 1976-1980, with the oil supplies reaching nearly 400 million tons.<sup>1</sup>

Special note should be made here of the fact that the Soviet Union exports fuel and energy to the CMEA countries at prices below the world market prices which enables them to save a great deal of money and gradually adapt to the new situation on the world's fuel and raw materials markets. In addition, the Soviet Union provides its CMEA partners with large credits to cover their trade and payments deficits vis-à-vis the

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<sup>1</sup> See *Economic Cooperation Among the CMEA Member Countries*, No. 4, 1979, p. 44; No. 4, 1980, p. 30 (in Russian).

Soviet Union, which have been created by growing oil prices. The delegates to the 34th CMEA Session emphasised the truly internationalist attitude of the Soviet Union to cooperation in the sphere of fuel and raw materials.

The CMEA countries are taking important steps to jointly develop the mining and extracting industries. Joint financing has been introduced on a relatively large scale to cover projects in the fuel and raw materials sector of the economy. Among the projects constructed under these new arrangements on the territory of the Soviet Union are the pulp-and-paper plant in Ust-Ilimsk, the asbestos dressing mill in Kiembai, a number of iron-ore extraction and processing facilities as well as a unique 2,677 kilometre-long gas pipeline stretching from the city of Orenburg to the Western frontier of the Soviet Union.

These new projects have enabled the Soviet Union to substantially increase its supplies of cellulose, asbestos, iron pellets, and natural gas to the CMEA countries.

The CMEA countries are aware, however, that increasing the sheer volume of extraction cannot solve the problem of fuel and raw materials, and there is a new emphasis on a rational restructuring of the fuel and energy balance and, what is particularly important, on a more rational utilisation of primary resources. As a general rule, it is more profitable to reduce the consumption of raw materials per unit of output than to raise the volume of extraction. This explains the priority assigned by the CMEA countries to the implementation of long-term target-oriented programmes of cooperation (LTPCs) and the improvement of the structure of social production and consumption.

It will be recalled at this point that the LTPC covering the fuel, energy and raw materials sector and an interrelated and similar programme covering machine-building have been called for by the need to speed up the development of nuclear power engineering in the CMEA countries. These programmes provide for the construction of several nuclear power plants with an aggregate capacity of nearly 37 million kW in the European CMEA countries and in Cuba by 1990. On top of that, a 4-million-kW nuclear power plant will be built at Khmel'nitsky (USSR), with half of its energy to be channeled to the CMEA countries. The equipment necessary for these projects will be supplied under the terms of a major agreement concluded by the CMEA countries on multilateral international specialisation and cooperation in its production and mutual supplies for the 1981-1990 period.

Of vital importance for the solution of the energy and fuel problem within the framework of the socialist community is the proposal advanced at the 26th CPSU Congress on the participation of CMEA countries concerned in the development of the extraction of natural gas in Siberia and its transport to the European part of the USSR, from which point it can be shipped further to the countries taking part in the project.

Another important objective in the fuel and energy sphere, which is formulated in the LTPC on fuel and raw materials, is to substantially increase the share of solid fuels in the structure of energy consumption. In order to achieve this objective the CMEA countries launched a major programme of cooperation in the production of highly efficient mining equipment which would enable them to raise coal production by a large margin over the next few years. They have simultaneously adopted a plan to gradually move power-intensive industries to the countries with a sufficient energy potential. Thus, under such an agreement the Soviet Union has been processing alumina from Hungary for several years now, and in 1979 the fraternal countries signed a general agreement on specialisation and cooperation in the production of power-intensive chemi-

cal products in the Soviet Union and less power-intensive ones in the European CMEA countries, with a subsequent exchange of output.

Finally, the utmost economisation of primary resources has become the most important priority of the CMEA countries in their comprehensive approach to the fuel and energy problem. They have reached agreements on a number of coordinated measures to reduce the rate of fuel and raw materials consumption through the introduction of waste-free technology to manufacture finished goods. These include a general agreement, signed at the 34th CMEA session, on the development of more intensive oil-refining processes through new advanced technology, to be introduced on the basis of specialisation and cooperation in the production of installations and equipment for secondary oil processing.<sup>2</sup>

A number of decisions have also been taken to develop cooperation in geological prospecting and exploration of promising areas on the territory of the CMEA countries to ensure the continuous growth of known reserves and mutual supplies of fuel and other major raw materials, to supply the fuel-producing and fuel-consuming industries with advanced economical and highly efficient equipment and to utilise new and supplementary sources of energy. In the next few years, a study will be conducted to evaluate the scientific and technological trends in the fuel and energy sector of the economy, covering the period up to the year 2000.

All these facts clearly show that the socialist countries regard the development of cooperation in the fuel and energy sector as a top-priority economic and scientific and technological problem.

The success of socialist economic integration mainly depends on the development of international specialisation and cooperation in production. It is this form of cooperation that makes it possible to exploit the great advantages of the socialist division of labour on an international scale.

Specialisation paves the way to expanded production through the introduction of high-power and high-efficiency equipment and more sophisticated technology. It serves to achieve greater concentration of production, and to optimise the batch size, which helps improve products' quality and reduce production costs. All this constitutes the basis for greater efficiency of production and a higher rate of technological progress in the national economies of the CMEA countries. It also explains the unflagging attention accorded by the Communist and Workers' Parties in the socialist countries to the development of specialisation and cooperation in production both on a national scale and within the framework of the socialist community as a whole. The development of specialisation is a top-priority economic and technical objective of the CMEA countries.

Last year, the problems of international specialisation of production were extensively discussed at the 34th CMEA Session, which showed that the socialist community countries were determined to continue their common policy of further integration. During that Session the level of integration already achieved and the present-day situation in international specialisation and cooperation in production as well as the

<sup>2</sup> See *Economic Cooperation Among the CMEA Member Countries*, No. 4, 1980, p. 52 (in Russian).



past achievements and the emerging problems were subjected to a thorough and all-round analysis, which helped expose the causes of the present difficulties and formulate proposals specifying the ways and means of resolving these difficulties.

Since the time the Comprehensive Programme was adopted nearly ten years ago, the CMEA countries have made considerable progress in international specialisation and cooperation in the production of machinery and equipment which enable them to resolve major problems of technological progress, and increase production in the energy and raw-materials sector of the economy as well as in machine-building, electrical engineering, chemistry, transport, agriculture and other industries. Mutual deliveries of specialised products of the machine-building industry have been growing nearly two times faster than the total volume of exports of machines and equipment. As a result, the share of these supplies in the overall volume of exports of machines and equipment rose from 22 per cent in 1975 to 32.7 per cent in 1979.<sup>3</sup> At present, specialisation and cooperation in production are covered by more than 120 multilateral and over 1,000 bilateral agreements, with over 10,000 products of the machine-building industry alone being involved in various specialisation schemes.<sup>4</sup>

An important role in the development of specialisation and cooperation is assigned to long-term target-oriented programmes of cooperation in major industries as well as to bilateral long-term programmes of specialisation and cooperation in production. A number of such bilateral programmes have already been developed and adopted by the Soviet Union, on the one hand, and Bulgaria, Czechoslovakia, Hungary, the GDR, Poland, and Romania, on the other.

A wide range of large-scale agreements on specialisation and cooperation has already been concluded under the long-term programmes. Prominent among them is the afore-mentioned agreement on international specialisation and cooperation in production and on mutual deliveries of equipment for nuclear power plants for the 1981-1990 period and the agreement on international specialisation and cooperation in the development and production of computer facilities, signed at the 34th CMEA Session. The latter provides for mutual deliveries worth over 15,000 million roubles during the current five years—a fact which helps to emphasize the size of this important agreement. The development of new mini-computer technology will have a major impact on the national economy over the next 10 years and is expected to raise labour productivity, reduce the workforce and improve capital productivity in all metal-working industries. Another international general agreement on specialisation in the production of oil-refining equipment, also signed last year, is designed to make oil refining more efficient.

To guarantee the implementation of these agreements their provisions should be reflected in the national economic plans of the CMEA member countries and in the Agreed Plan of Multilateral Integrated Activities of the CMEA Countries for the current five-year period, which will provide for the material, financial and labour resources necessary for their implementation.

<sup>3</sup> See *Economic Cooperation Among the CMEA Member Countries*, No. 4, 1980, p. 69 (in Russian).

<sup>4</sup> *Ibid.*, p. 52.

<sup>5</sup> See *Economic Cooperation Among the CMEA Member Countries*, No. 4, 1980, pp. 59-60.



An evaluation of the general development of international specialisation and cooperation shows that despite the progress achieved so far, the objectives formulated by the fraternal Parties in the CMEA framework and in the sphere of bilateral relations have not yet been achieved on the whole and modern requirements have not been satisfied. The 34th CMEA Session noted that specialisation has not been totally successful in raising the efficiency of production and increasing the rate of technological progress. The fact is that the problem of purposeful and coordinated specialisation of the machine-building industries in the CMEA countries has not been resolved, and the technological level and the quality of products in a number of industries is still short of the world standards.

The proportion of new products specified in the specialisation agreements is still insignificant. The CMEA countries pursue the unjustifiable practice of producing a number of identical or largely similar products.<sup>5</sup> All this points to the existence of vast and still unused reserves for the development of international specialisation of production.

Of great significance is the problem of strengthening the comprehensive approach towards specialisation and cooperation so as to bring together all the aspects of the production process: research and development, standardisation and unification, mutual deliveries, and servicing of machinery and equipment. Specialisation in the production of units and parts and their supplies on the basis of cooperation should also be stepped up as a very promising line of cooperation in production which will largely increase mutual deliveries of machine-building products. At the same time, the problem of unification and use of type designs for furnishing units and parts, made by individual states, as components for a wide range of finished products should be tackled more rapidly. Problems still exist in the sphere of price formation for specialised items.

The CMEA countries have adopted a number of documents specifying coordinated measures to be taken in order to overcome existing problems and radically improve international specialisation within the CMEA framework. These measures are designed to shift the attention of planning bodies, ministries and departments of the CMEA countries from the distribution of items already in production for a number of years to cooperation in development and manufacture of new advanced machinery and technology which can ensure greater efficiency of production. This is to become the pivotal point of bilateral and multilateral cooperation during the 1980s.

The proposals by the CMEA countries, aimed at radical improvement of production specialisation emphasise the need to raise the role of all-round coordination in the development of individual industries as well as R&D as a basis of specialisation. Special emphasis is to be placed on ministries' coordination of long-term development plans for individual industries and multilateral production and economic links, particularly cooperation, as well as on their elaboration of measures to gradually eliminate shortages and dependence (on the third countries) for individual products and types of technology. In the course of coordination it is essential to determine the major trends of technological progress, compare the technological level of products with the world's highest standards and improve the product quality. Along with ministerial top echelons major production associations are to be more actively involved in specialisation and cooperation programmes, which will help expand direct contacts between administrative bodies of individual industries, production associations and enterprises.

Proposals call for a number of measures to improve the price formation for specialised products and strengthen contractual discipline.

Guided by the decisions of the 34th CMEA Session, the Executive Committee of the Council has defined additional measures to implement a multilateral coordinated scientific and technological policy in the development of the major interrelated industries. It has also mapped out plans to expand comprehensive cooperation at all stages of scientific research and development, introduction and organisation of production of complex machinery and equipment on the basis of specialisation and cooperation, including the creation and development of new production capacities. These include, first of all, new management information systems, machinery and equipment which reduce manual labour; high-power mining and stripping machines; energy- and fuel-saving and high-precision foundry and metal-working equipment; machines for mechanisation of agriculture and the food industry, based on efficient technology; and sophisticated general-purpose machine-building equipment.

The preliminary results of coordination of the five-year plans developed by the CMEA countries for the 1981-1985 period have been discussed. The coordination activities envisaged that in the current five-year period the CMEA countries will continue to build up their economic potential, implement large-scale socio-economic programmes, promote all-round cooperation, expand integration and strengthen the cohesion of the socialist community. All these factors were duly accounted for in the process of coordination.

The CMEA countries plan to develop their economies in the current five-year period on the basis of more rapid introduction in their national economies of the achievements of scientific and technological progress. They also intend to use the factors which determine intensive development; raise production efficiency; fully utilise the local resources; further the international division of labour; make use of its advantages in order to secure a steady rate of economic growth; balance the national economy; and to boost living standards.

The plans for the 1981-1985 period have been coordinated both on a multilateral and a bilateral basis, with a special role assigned to multilateral long-term programmes of cooperation among the CMEA countries and bilateral programmes of specialisation and cooperation between the Soviet Union and the European CMEA countries. These programmes clearly defined avenues for the development of cooperation in production among the countries involved. The process of coordination has helped define the guidelines for economic, scientific and technological cooperation among the CMEA countries, reach agreement on concrete measures to implement them and estimate the volume of mutual deliveries of staples, which will be reflected in the final protocols on the coordination of plans and will constitute the basis for subsequent long-term trade agreements in the current five-year period.

The development of production and trade links between the Soviet Union and the other fraternal countries is the pivotal point of the coordinated system of economic measures to be implemented in the five-year period. As in the previous years, the Soviet Union is making a major effort to strengthen the economies of the socialist community countries. The new five-year-plan period will see the further development of integration within the CMEA framework. The volume of mutual deliveries will go up by nearly 40 per cent and is estimated to reach 260,000 million roubles. Despite the deteriorating extraction conditions, the Soviet Union will maintain its oil supplies to the CMEA countries in 1981-1985 at the impressive 1980 level.

At the same time, shortages of fuel and basic raw materials make it very difficult to maintain the traditional volume of exports from the Soviet Union. In this situation, the utilisation of all types of fuel and raw materials, including locally available low-calorie fuels, the development and production of energy-saving technology and the rapid expansion of nuclear power engineering should become an important area of cooperation among the CMEA countries.

In the five years ahead the problem of providing the CMEA countries with the necessary machines and equipment will be largely resolved on the basis of mutual deliveries. Soviet exports of these products to the CMEA countries will go up to 35,000 million roubles, which is 40 per cent above the figure for the past five-year period. Those machines and equipment which are now in short supply will figure prominently in Soviet exports.

The Soviet Union will in turn be supplied with 60,000 million roubles worth of equipment, including installations for secondary oil refining, hoisting and conveying equipment, press-forging plant, computers and equipment for the light and food industries. Consumer goods will be given pride of place in Soviet imports, with their total volume topping the 40,000-million-rouble mark. The Soviet people highly value this cooperation with the fraternal countries, which helps develop the Soviet economy and increase the range of consumer products on the Soviet market.

The work done during the coordination of the plans does not exhaust all the possibilities for further development of integration. The CMEA countries are aware that they will have to find additional resources and make corrections in their plans so as to develop cooperation linked with the output of new products and the improvement of their technological level. These issues will be in the centre of discussions on the questions of economic policy.\*

In conclusion, it should be emphasised that the activity aimed at developing socialist economic integration is taking place in the context of consistent realisation of the policy of the Communist and Workers' Parties to intensify production, and scientific and technological cooperation between the fraternal countries over the next two five-year periods. The coordinated development of industries, including the extracting and the manufacturing ones, as well as science and technology opens up new vistas for considerably increasing the efficiency of production, achieving a higher rate of technological progress and improving living standards.

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\* See *Economic Cooperation Among the CMEA Member Countries*, No. 4, 1980, p. 31 (in Russian).

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USSR-CMEA COOPERATION IN ENERGY, SCIENCE NOTED

Moscow INTERNATIONAL AFFAIRS in English No 7, Jul 81 pp 138-140

[Article by A. Oborotov: "CMEA: New Frontiers of Cooperation"]

[Text]

The decisions of the 26th Congress of the CPSU mapped out our country's course for the further development of foreign trade and economic and scientific and technological cooperation with foreign countries, and for the extensive utilisation of foreign trade contacts for boosting the efficacy of social production. The CPSU attaches particular importance to all-round economic cooperation with the fraternal socialist states. The report of Leonid Brezhnev and the Guidelines for the Economic and Social Development of the USSR for 1981-1985 and for the Period Ending in 1990 advance the task of taking an active part in the continued expansion of the socialist economic integration of the CMEA countries.

The member states of the Council for Mutual Economic Assistance entered the new decade with a more powerful industrial and scientific and technological potential. Between 1971 and 1980 their aggregate national income increased by 66 per cent, and the volume of industrial production rose by 84 per cent. A major step forward was taken in the realisation of the course for heightening the people's well-being which had been charted by the communist and workers' parties. An enormous housing construction programme was implemented.

The mutual trade turnover of the CMEA countries in 1980 reached 119 billion rubles, or a 3.5-fold increase over the 1970 figure. It became a major factor behind the expan-

sion of the socialist reproduction of each individual country and the community as a whole.

Socialist economic planning and cooperation enabled the CMEA countries to satisfactorily tackle the problem of supplying the national economies with energy and raw materials during the past decade.

The Soviet Union plays an exceptionally important role in the solution of this problem. For example, between 1976 and 1980 the USSR shipped to the other CMEA member states 0.8 billion tons of conventional fuel, thereby satisfying some 25 per cent of the total energy needs of its friends. In the current five-year period Soviet supplies of fuel and energy to the CMEA countries are expected to reach one billion tons of conventional fuel.

An extensive energy programme is to be implemented in the CMEA countries in the years to come. In addition to mobilising their own fuel and energy resources, they intend to step up the construction of nuclear power stations, bringing their overall capacity to 37 million kilowatts by the year 1990 (excluding the USSR).

The CMEA countries likewise place great store in exploiting fuel and energy resources more rationally. Just one per cent of economised energy resources presently amounts to approximately 25 million tons of conventional fuel annually in the socialist community, which is equivalent to some

2.4 billion rubles at current world prices. Targets in this sphere are being included in the economic and social development plans, and their fulfilment is becoming an important countrywide project. In the USSR, for example, plans are in the works to save approximately 126 million tons of conventional fuel during the current five-year-plan period.

Higher forms of coordinated planning became the law of the land during the 1976-1980 period. Consultations were held at the CMEA sessions and meetings of its Executive Committee on the main issues of the economic policies of the fraternal countries. For the first time, an Agreed Plan of Multilateral Integrated Activities of the CMEA Countries was drawn up for the past five-year period, in accordance with which national resources were successfully exploited for the benefit of all, and large-scale joint industrial projects were implemented. The Soyuz pipeline, one of the largest in the world, was commissioned ahead of schedule and quickly reached design capacity. A 750-kilovolt electric power line was stretched across the Carpathians from Vinnytsa, USSR, to Albertirsa, Hungary, and the first line of the Ust-Ilimsk pulp-and-paper plant and two lines of the Kiembai asbestos mine-dressing mill were put into operation. The Agreed Plan of Integrated Activities for the past five-year period which envisaged the construction of 28 joint large-scale facilities, was by and large fulfilled.

In accordance with the directives of the 25th CPSU Congress and of the congresses of the communist and workers' parties of the other CMEA countries, the Council organs elaborated and the 1978-1979 CMEA sessions endorsed long-term target-oriented cooperation programmes (LTOP) in the sphere of energy and raw materials, machinebuilding, agriculture and food production, the consumer industry and transport. Consistent work has been carried out since then to implement LTOP through a system of concrete agreements; more than half of them have been signed by the beginning of this year. A number of them are unique in scope and complexity of the problems being tackled.

One of these documents is the international agreement on multilateral cooperation and specialisation in production and mutual deliveries of equipment for nuclear power

stations, which has been concluded and is already being implemented. The nuclear power generation industry being created in the CMEA countries should ensure the production of high-quality equipment in quantities sufficient for realising the joint programme for the construction of nuclear power stations by 1990. The international agreement on specialisation and cooperation in the development and production of computer technology envisages a two-fold increase in the volume of mutual deliveries of this technology during the current five-year period over the 1976-1980 period, bringing its value to 15 billion rubles.

Mention can also be made here of other important agreements providing for the joint construction of manipulators of modern design, a new series of asynchronous engines, MHD power stations, high-power fast breeder reactors, equipment for secondary oil refining, for the food industry and for foundries, and so on.

The Guidelines point to the necessity to consistently continue the realisation of LTOP, as well as long-term programmes for the specialisation and cooperation in production which the USSR has signed with the European CMEA countries on a bilateral basis.

In tackling the complex tasks of economic development in the years to come the CMEA countries will place the emphasis on deeper forms of cooperation. Of signal importance in this respect are Leonid Brezhnev's statements to the effect that the two five-year-plan periods of the current decade must be keynoted by greater far-reaching cooperation and specialisation in production on the basis of the extensive utilisation of scientific and technological breakthroughs.

All planning bodies, ministries and departments of the CMEA countries and Council organs are concentrating on planned cooperation in the development and introduction of modern know-how which will boost production efficiency and save energy and other material and manpower resources. This should become the mainspring of bilateral and multilateral cooperation in the 1980s.

The priority spheres of cooperation and specialisation include the designing and manufacture of machinery and equipment systems which will reduce manual labour in warehousing and auxiliary operations;

complexes of modern machinery for strip mining and construction of long-distance pipelines, etc.

Work was by and large completed last year on the coordination of the economic plans of the CMEA countries for the 1981-1985 period; it was dovetailed with LTOP and bilateral programmes. The State Planning Commissions of the USSR and Mongolia compiled the General Scheme of the development and location of productive forces of Mongolia in step with the development of eastern regions of the Soviet Union; it is intended for the period ending in 1990. Mutual deliveries of goods for the current five-year period are set down in signed protocols. For example, the commodity turnover of the USSR with the GDR during this period is expected to grow by approximately 30 per cent, with Hungary and Mongolia—by 50 per cent, and with Czechoslovakia—by 36 per cent. The Soviet Union's trade turnover with Bulgaria, Cuba and Rumania is also on the rise.

It was also pointed out at the 26th Congress that life itself poses the task of supplementing the coordination of plans by agreeing upon an economic policy on the whole and of using new forms of pooling our efforts and resources.

As in the past, the foreign trade of the socialist community countries will continue to be carried out on the basis of mutual benefit and comradely mutual assistance.

Specifically, our country will form its market funds of such goods as furniture, footwear, ready-made clothing, tinned goods, wines and a number of others from imports. The USSR will also receive a large amount of machinery.

The present stage of the development of productive forces and production relations is giving rise to a number of common or similar problems for the CMEA countries. They are due to the exhaustion of extensive factors of economic development, the scarcity of manpower resources, limited possibilities for a substantial increase in the growth rate of capital investments, and the exhaustion of the countries' richest natural resources. In these conditions, as was pointed out by Leonid Brezhnev, the generalisation and utilisation of forefront economic experience is becoming an important reserve of the development of the fraternal states. It is the exchange of the experience which exists today in all the countries of the socialist community that is helping them select and assimilate the most meaningful ways and means of managing their economies, upgrading the planning system and exploiting all types of resources most thriftily. The decisions and materials of the 26th CPSU Congress, which capitalise the enormous experience amassed by our party in creating a new society, is the common treasure of the socialist countries.

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## TRADE WITH LDC'S

### FINANCIAL, ECONOMIC COOPERATION OF SOCIALIST, DEVELOPING COUNTRIES

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[Article by A. Chekhutov: "The Development of Financial and Economic Cooperation Between the Socialist and Liberated Countries"]

[Text] The establishment of broad economic ties between the countries of the socialist community and the developing countries marked the initiation of a new type of economic relations in international practice. These relations are objectively based on the common fundamental interests of world socialism and the national liberation movement in the struggle for peace, international independence, and social progress. The formation of new international economic relations that represent a challenge to the imperialist method of oppression and enslavement of less developed countries and peoples is a conscious and purposeful process. The socialist countries, which unwaveringly defend the principles of equality among peoples and international solidarity, are playing a leading role in it. At the 26th party congress L. I. Brezhnev announced from the podium in clear and definite terms: "The CPSU will continue to follow a consistent policy of developing cooperation between the USSR and the liberated countries and strengthening the alliance between world socialism and the national liberation movement."

In the very early days of the Soviet State V. I. Lenin, revealing the meaning of non-exploitive foreign economic ties, emphasized the Soviet determination to make a complete break with the "barbaric policy of bourgeois civilization, which has built the well-being of the exploiters in a few chosen countries on the enslavement of hundreds of millions of working people in Asia, in colonies generally, and in small countries."<sup>1</sup> This approach was further developed and consolidated when socialism became a world system. At the initiative of the countries of the socialist community their economic relations with the developing countries are built on the principles of equality and mutual advantage, respect for sovereignty and non-intervention in domestic affairs, and supporting the efforts of the newly independent countries to overcome socioeconomic backwardness. The practical implementation of these principles gives the entire set of economic ties between the two groups of countries the character of equal and mutually advantageous cooperation, which differs fundamentally from the economic relations of the developing countries with the developed capitalist countries.

The principal material foundation of economic cooperation between the CEMA countries and the developing countries is mutual trade. This trade has grown from 800 million rubles in 1955 to roughly 19 billion rubles in 1979. Trade between the socialist and developing countries has not only become one of the most dynamic spheres of world trade; the rate of movement of commodities greatly surpasses the increase in domestic production in both groups of countries, which is testimony to the steadily increasing role of mutual trade.

In recent years the rapid growth of trade has resulted in large part from the economic and technical aid which the countries of the socialist community have rendered to the liberated countries on an ever-growing scale. The necessity and usefulness of this aid is illustrated simply by the fact that the number of countries receiving it has risen from 34 in 1955 to 90 in 1980. A close intertwining of production and scientific-technical aid with foreign trade transactions permits the socialist and developing countries to derive greater benefits from the international division of labor and help meet the challenge of consolidating the economic self-sufficiency and political independence of the liberated countries.

Representatives of the communist and worker parties and the national democratic parties of the countries of Asia, Africa, and Latin America, in their speeches at the 26th CPSU Congress, had high praise for the contribution of the USSR and the other socialist countries to overcoming the socioeconomic backwardness of the newly independent states.

#### The Foundations of New Currency-Financial Relations

Currency-financial relations play an important part in organizing the economic cooperation of the socialist and developing countries. Their function is not limited to facilitating the movement of material assets and services or even to interlinking trade, production, and scientific-technical cooperation. As experience shows, the methods of financing economic ties, the procedures used by participating countries to regulate monetary receipts and payments, and the differences in forms and conditions of currency charges and types of currency accepted on account for mutual demands all exercise a vigorous influence on the development and results of trade-economic cooperation. This also establishes the essential conditions for making sound decisions on questions of economic ties and insuring the mutual advantage in foreign economic exchange, which ultimately permits the socialist and developing countries to make more economical and rational use of existing production potential.

A component part of currency-financial relations is the granting, by the socialist states of supplementary capital to developing countries which are participating in cooperation and lack adequate resources of their own to carry out national programs of socioeconomic building.

This refers primarily to the cost of machinery, equipment, and materials that are supplied, as well as technology and scientific-technical know-how and expenditures for worker training which the developing countries receive in addition to payments for their export of goods and services. Combined with trade, production, and scientific-technical cooperation the financial aid of the socialist countries

provides effective support to the efforts of the liberated countries themselves, who have the principal role in mobilizing internal material, labor, and currency-financial resources for the needs of economic development.

The qualitative features of the financial aid rendered by the socialist countries to the developing countries distinguish it from other currently existing forms of movement of resources among countries. As Soviet scholar S. I. Tyul'panov observed, this is a "new economic category which expresses a new type of production relations in the world arena."<sup>2</sup> On the one hand, this aid has different character than currency-financial relations among countries of the socialist community, which rely on the similarity of social order, unity of ideology, and joint performance of the tasks of building a new, socialist order. On the other hand, the financial aid of the socialist countries differs in principle from the currency-financial relations between the developed capitalist countries and the newly independent states. The unique form of exporting capital from the imperialist powers, which arose from the depths of state monopoly capitalism and received the name "state developmental aid," pursues the primary purpose of tying the liberated countries more closely to the centers of world capitalism on the political, economic, ideological, and military levels. At the same time, this type of export of state capital aims at establishing the capitalist method of production in the liberated countries and broadening the base of operations there for trade and investment expansion by multinational corporations.

As for the financial aid of the socialist countries, it is linked to those production relations which preclude the very possibility and necessity of foreign investment aimed at securing monopoly profit or introducing foreign enterprises in the economies of developing countries, to say nothing of political subordination of the liberated nations. The foreign policy of the socialist countries rejects such goals in principle. It is common knowledge that these countries do not seek political domination or military bases and do not interfere in the domestic affairs of other countries.

The socioeconomic nature of the currency-financial links between the socialist and developing countries is formed chiefly by socialist production relations and the socialist community's policy of international solidarity. At the same time, consideration must also be given to the socioeconomic conditions in the developing countries themselves and to their foreign economic status. As we know, with all the differences among the developing countries, their social structures are characterized by mixed systems in which some part, often significant, is made up of capitalist relations. A large majority of the liberated countries still remain within the framework of the world capitalist economy, occupying a subordinate position and subjected to exploitation by monopoly capital. This has a definite impact on the financial aid of the socialist countries which, under these conditions, of course must be primarily paid for. If it were otherwise the mechanism of the world capitalist market would be able to pump significant resources out of the socialist community into the developed capitalist countries.

In the contemporary situation the most appropriate form in which the socialist countries can render financial aid to the new nations is granting credit. The



most important characteristic of this credit is that it plays the role of one of the tools of development of all economic cooperation between the socialist and developing countries and is not an independent, even less a leading, sphere of international economic relations, which the export of loan capital is for the West. It follows from this that the determination of amounts, geographic distribution, and other characteristics of socialist credit is not based on the pursuit of profit or subjective demands, wishes, recommendations, and the like, but rather on objective criteria. These are above all total volume, geographic orientation, and the material structure of economic cooperation. These in turn depend on the financial and material capabilities and substantiated need of the countries participating in the cooperation. The mutual economic interests of the socialist and developing countries, secured on the basis of equal and mutually advantageous international division of labor, play an important part here. At the same time, the long-term and stable character of the entire cycle of foreign economic ties, from the selection of partners to carrying out payment transactions, is very important. In addition to economic factors the socialist countries give full consideration in their foreign economic policy to the goals of normalizing the political climate in the world and maintaining friendly relations with other countries and peoples. They also pay attention to the economic and sociopolitical characteristics of certain liberated countries and their position within the overall system of international economic relations.

The mutual efforts of both parties are an essential prerequisite for any international economic links, and even more for stable and reliable cooperation. Thanks to this the close economic relations between the socialist countries and a number of liberated countries have already endured for a considerable time and certain traditions have taken shape which stimulate the further development of relations. So the policies of the developing countries themselves, their readiness to eliminate obstacles to trade and economic cooperation with the socialist world, have a significant influence on the decisions of socialist countries to grant credit.

This kind of cooperation has developed extensively with the countries that have socialist orientations. This is entirely natural. The countries that have adopted the socialist line are distinguished by the depth of socioeconomic transformations; they are moving in the vanguard of the contemporary national liberation movement. "Respect for the sacred rights of each people and each country to choose its own path of development is an immutable principle of our Leninist foreign policy," L. I. Brezhnev said at the 25th CPSU Congress. "But we do not conceal our opinion. In the developing countries, just as everywhere else, we are on the side of the forces of progress, democracy, and national independence and look upon them as our friends and comrades in struggle."

The expansion of multifaceted cooperation between the countries with socialist orientations and members of the socialist community meets the needs of economic construction in these developing countries and helps them successfully withstand neocolonialist policies. According to estimates by Soviet economists, this group of liberated countries, which has some eight percent of the population of the developing world, received 10-12 percent of the trade between CEMA countries and new states in the 1970's. More than 20 percent of the obligations of

members of the socialist community to render economic and technical aid to countries in Asia, Africa, and Latin America and about 20 percent of the credits granted were concentrated in these countries.<sup>3</sup> The industrial enterprises built and established with the aid of the CEMA countries comprise a significant part of the production potential of the countries with socialist orientations. According to approximate calculations for 1975, these enterprises accounted for about 30 percent of the energy capacities, more than 30 percent of petroleum extraction, more than 40 percent of petroleum refining, more than 60 percent of cement production, and more than 30 percent of the production of ferrous metals.<sup>4</sup> The material support of the socialist countries has today become an important factor in further progress for socialism for many countries with socialist orientations.

Conditions are favorable for expanding trade and economic cooperation between the socialist countries and neighboring developing countries. Fairly stable mutually advantageous economic links have long been established among them. This is not surprising. The socialist countries were the reliable political and economic supporters of these countries during the difficult times of their struggle to consolidate their national economies and oppose imperialism. Suffice it to recall the relations between the USSR and India, Iran, Pakistan, and Turkey. The fact that they have established large state sectors for which national plans and programs of development have been written for many years also plays a positive role in cooperation with neighboring countries. All these things make it much easier to develop mutual cooperation. By the mid-1970's this group of countries accounted for more than 40 percent of the credit granted by CEMA countries to newly independent countries.<sup>5</sup> The granting of credit to neighboring countries promoted the formation in them of multisectorial national economies and helped lay the foundations of their economic self-sufficiency through intensive industrialization, above all by building enterprises of heavy industry.

Those countries which are classified by the United Nations as among the least developed occupy a notable place in cooperation between the socialist countries and the liberated countries. Not only do these countries typically have the greatest degree of economic backwardness, inherited from the colonial age, but also their position has become even worse in recent years owing to the impact of profound upheavals in the world capitalist economy, sharp inflationary growth in prices in the world capitalist market, and the deterioration of trade conditions there for this category of countries. Following their policy of international solidarity and supporting the decisions of the United Nations and UNCTAD, the socialist states devote considerable attention to rendering economic and technical aid to the least developed countries and making credit resources available to them. The table below shows the proportion of the least developed countries in the total volume of state resources granted to all developing countries on a bilateral basis.

Table 1 (in %) \*

Groups of Countries	1973-1974	1975-1976
Developed Capitalist Countries	13.2	15.1
CEMA Countries	16.3	19.1
Other Lender Countries (chiefly OPEC Countries)	14.7	14.0

\* Calculated on the basis of "UNCTAD Document TD/B/C 3/148," 19 September 1978, pp 22, 26.

These figures illustrate that the share of the least developed countries in the state resources appropriated were higher for members of the socialist community than for other lender countries. Available information indicates that this situation has continued in subsequent years. In 1978, for example, the developed capitalist countries gave 16.5 percent of all appropriations for bilateral state aid to the least developed countries.<sup>6</sup> At the same time, the conditions of financial aid by the socialist countries to these countries are especially favorable (establishment of long repayment periods, granting interest-free loans in certain cases, and giving free assistance to many countries).

The attempts of certain Western economists to equate the currency-financial relations of the socialist and imperialist countries with the developing countries are deliberately biased. They pursue just one purpose, to assign responsibility for the economic backwardness of the newly independent state to socialism as well as capitalism. But this is entirely the historical result of imperialism. The West bears full responsibility for the economic backwardness of the former colonies and semicolonies and for those grave consequences which result from the activities of multinational corporations, from economic crises, currency collapses, inflation, and other manifestation of private capital anarchy and spontaneity. The "equating" principle ignores not only the fundamental difference in the socioeconomic nature of socialism, but the entire meaning of the economic ties between the socialist countries and the liberated countries. Their currency-financial relations develop in conformity with a clearly designated set of just and democratic principles which stand opposed to the law of dividing the benefits of international exchange by strength and capital, which is followed in the capitalist economy. The statement of the Soviet Government on the reorganization of international economic relations says: "There are not and cannot be any grounds for applying those demands which the developing countries are making against the developed capitalist countries, including the demand for compulsory transfer of a fixed share of gross national product to the developing countries as a form of economic aid, to the Soviet Union and the other socialist countries."

#### The Scale and Functions of Credit Assistance

The growth of world economic ties and the increasing role of production cooperation in them, on the one hand, and the intensification of currency-financial difficulties for many of the liberated countries, on the other, led the socialist



countries to increase the credit granted for purposes of economic development. Whereas in the mid-1960's the total volume was 5 billion rubles, by the start of 1974 it had increased to 11 billion rubles. At the beginning of 1978 the newly independent states were already receiving 16.1 billion rubles of economic credit from the CEMA countries.<sup>7</sup>

The credit granted by the socialist countries performs important functions related to expanding equal and mutually advantageous economic relations and strengthening the national economies of the participating parties. This credit serves chiefly as a means to accelerate the growth and progressive modification of the structure of economic exchange between the socialist countries and the developing countries. As the studies of Soviet economist L. Z. Zevin show, the credit granted by the CEMA countries has a positive influence not only on the volume of their own export but also on the amount of deliveries to them from the new states.<sup>8</sup> The increasing share of machinery and equipment in the export of the socialist countries to the liberated countries is linked in large part to the granting of credit. The proportion of equipment and machinery in USSR exports to these countries, for example, rose from 3.9 percent in 1955 to 21.4 percent in 1979. At the present time the developing countries account for almost four-fifths of Soviet machinery and equipment export to the world capitalist market.

The financial assistance of the socialist countries helps enlarge the savings fund in the liberated countries, and it plays a key role in overcoming their economic backwardness. The importance of this aid is graphically revealed by an analysis of the situation in certain liberated countries in different phases of their development. In Afghanistan, for example, credit from the USSR in 1956-1960 comprised roughly 53 percent of all foreign aid to that country, while in 1961-1965 it was about 65 percent. According to calculations by Afghan specialists, in the 1977-78 fiscal year capital received from the Soviet Union equalled 37 percent of the expenditures of Afghanistan to carry out plans for economic development.<sup>9</sup> According to available estimates, in the fiscal years 1965-66 - 1969-1970, 40 percent of the capital investment in Egyptian industry came from credit granted by CEMA countries. Credit from these countries financed about 27 percent of industrial capital investment in Iraq in 1965-1969. More than 30 percent of all capital investment in the People's Democratic Republic of Yemen in the fiscal years 1971-1972 - 1973-1974 was made with USSR support. In Syria between 1971 and 1975 the share of the Soviet Union in actual capital investment was more than 15 percent, and 50 percent of the total foreign aid of this country.<sup>10</sup> In India in 1961-1966 USSR credit accounted for 12 percent of state capital investment. In the following years the steady increase in the scale and level of Soviet-Indian cooperation became an important factor in strengthening the national economy of India. This cooperation enabled it to become one of the USSR's major economic partners among the liberated countries and a vivid example of long-term, equal and mutually advantageous relations between states with different social systems.

Credit from the socialist countries plays a significant role in strengthening the material-technical base of the new states also. This refers chiefly to establishing production capacities, increasing employment, broadening national

scientific-technical potential, and training national workers. Credit assistance from the CEMA countries has played a part in the construction of 4,600 industrial enterprises and other facilities, more than 3,100 of which have gone into operation. More than 90 percent of the total volume of Soviet economic and technical aid is used for the developmental needs of different production factors in the liberated countries.<sup>11</sup> Priority is given to the development of industry and power. Three-quarters of the capital allocated by the USSR and more than two-thirds of the capital granted by other CEMA members goes for these purposes.<sup>12</sup> Rough calculations show that after completion of the construction of cooperative projects the industrial and power capacities of the liberated countries per year will increase by 30 million tons for steel production, almost 70 million tons for petroleum extraction, more than 30 million tons for petroleum refining, and 16 million kilowatts for power production.

The production orientation distinguishes the credit of the socialist community from Western financial aid to the liberated countries within the framework of bilateral "state developmental aid" programs. Thus, in the 1970's the proportion of appropriations for industrial and agricultural projects under these programs remained low. In 1979, for example, it was just 19 percent of the credit granted, including only 6.1 percent for industrial development.<sup>13</sup>

Such a distribution of Western state "aid" is not accidental. In their relations with the liberated countries the developed capitalist countries consistently hold to a policy of seeing that the external financing of new industry in these countries is done by private capital. Thus, when concluding the Lomé conventions the nations of Africa, the Caribbean Sea basin, and the Pacific Ocean basin were unable to get the "Big Nine" to agree to give priority in the distribution of Western European state "aid" to industrial development. And during the 1970's the U. S. Government lowered the share of appropriations for industry to 1.6-3.4 percent of the total volume of its "state developmental aid."<sup>14</sup>

As already noted, for the socialist countries granting credit to the liberated countries is a means of expanding the sphere of production cooperation. This in turn promotes growth in production and improvement in the output of the important sectors of machine building and makes this output more competitive in the world market. This refers, for example, to power and metallurgical equipment, certain types of mining equipment, land reclamation machinery, and other equipment. Furthermore, the raw and processed materials and finished goods received from the developing countries to repay this credit are a significant addition to the commodity resources of the states of the socialist community. Thus, in 1978 the USSR received 6.9 million tons of crude petroleum from Iraq and Syria, 9.5 billion cubic meters of gas from Iran and Afghanistan, 90,000 tons of cast iron and 95,000 tons of rolled ferrous metals from India, and 2.5 million tons of bauxite from Guinea on economic and technical aid accounts. These and other deliveries foster the development of production in a number of industrial sectors and help improve the structure of personal consumption in the socialist states. The national economic impact from importing many goods from the developing countries which results from taking advantage of the international division of labor is also quite high.

The granting of credit by the socialist countries also stimulates the introduction of new, progressive forms of economic cooperation with the developing countries. Important among these forms are agreements to deliver to the socialist state part of the output of the enterprises and facilities built with the aid of their credit, credit-compensation agreements, contracts to build enterprises and facilities in their entirety, the establishment of mixed enterprises, and contracts for participation in organizing production and marketing at jointly constructed enterprises and facilities. The new forms of cooperation make it possible to increase the scale of production cooperation, the degree of division of labor, and the stability of economic links and to make fuller use of complementarity in the production structures of the socialist and developing countries. This kind of cooperation is mutually advantageous. It makes delivery of certain types of output to the socialist countries more reliable and strengthens guarantees of timely repayment of credit. In the developing countries not only is there an expansion of production and consolidation of the export base, but also conditions are created for a healthy balance in currency-financial payments.

The credit resources of the socialist community, used primarily for development of the state sector in the liberated countries, by the same token perform an important social task. Broadening the position of this sector enables the national governments to concentrate the controls of the economy in their own hands and to combat private capitalist spontaneity and the expansion of the multinational corporations more successfully. Strengthening the state sector is an essential prerequisite for progressive socioeconomic reorganization of the economy of a new state and its conduct of independent domestic and foreign policy.

It is equally important that the socialist countries use every means to promote the development of education, enlargement of scientific-technical potential, and training of national cadres in the liberated countries. By 1979 32 higher and secondary specialized schools and 120 training centers and vocational-technical schools had been built in these countries with the assistance of the CEMA countries and 70 more such institutions were under construction. More than 1 million people have received training in skills at installations built on a cooperative basis with the socialist countries. Tens of thousands of specialists from countries in Asia, Africa, and Latin America have received higher and secondary education or continue to study today in the colleges and technical schools of the CEMA countries.

Granting credit primarily within the framework of medium-term, or even more so long-term, intergovernmental agreements on trade and economic cooperation gives this cooperative effort stability, makes it possible to coordinate the volumes of financial aid given by the socialist countries in advance, and helps strengthen links between economic cooperation and national plans and programs for economic development of the liberated countries. Having definitely assigned suppliers of machinery and technology on the one hand, and definite receivers of output on the other, and observing pre-agreed volumes, standards, and times for mutual obligations are especially important today given the sharp upheavals in the world capitalist market and the instability of economic relations with the developed capitalist countries.



The existence of profound qualitative differences between the financial aid of the socialist countries to the liberated countries and the "state developmental aid" granted by the West makes it meaningless to compare them in absolute amounts. Nonetheless, despite the obvious facts certain Western international organizations employ such comparisons widely, passing them off as "objective evaluations" of international participation in solving the economic problems of the new countries.

But the developmental aid given to the liberated countries is not, of course, simply a matter of amounts of financial aid granted because this is only one part of economic ties with these countries. Furthermore, the meaning of this aid and its influence on the economies of the developing countries depend directly on the foundation of the entire system of interstate economic relations. But if we were to attempt, even in a rough way, to compare the different currency-financial quantities, the methodology of the calculations should be based on the formulation of the question of evaluating efforts to render financial aid followed by the United Nations. This formulation is contained, specifically, in the special resolution of the 34th Session of the U. N. General Assembly entitled "Accelerating the Transfer of Real Resources to the Developing Countries." This resolution points out that international financial cooperation aimed at assisting the development of the liberated countries should be viewed in the context of world trade and development.<sup>15</sup>

If we follow the logic of the U. N. recommendations, to measure the efforts of different countries to render financial aid to the young state it would be necessary, we feel, to compare the amount of financial aid not with the gross national product of the granting countries, as is done by Western international organizations, but rather with the volume of goods it exports to new developing countries. Indeed, the export of goods covers the main part of economic exchange with the liberated countries. It also provides a fairly full reflection of the level of development of the entire complex of foreign economic links within which this aid is rendered. The second fundamental criterion which is linked to the tasks of world development and could wisely be used to evaluate efforts is income per capita in the granting country in aggregate form. This criterion shows the real potential which the particular country has for granting financial aid. Taking these considerations into account and using the statistics and classification of the United Nations and Western international organizations, we can give an approximate evaluation of the efforts of the countries of the socialist community and the developed capitalist states to render aid to the liberated countries (see Table 2 below).

The factors obtained from this calculation provide a fairly eloquent illustration of the fact that the countries of the socialist community significantly surpass the developed capitalist countries in the area of rendering financial aid to the developing countries based on relative efforts. When speaking of quantitative comparisons, we must not overlook the fact that the economic assistance given by countries of the socialist community to the liberated countries is more than just a matter of granting financial aid. Development of the entire range of their relations with the new states serves this purpose. We must particularly emphasize the truly historic role the USSR and the other socialist countries are playing by waging a tireless struggle for peace and



Table 2. Evaluation of Efforts\* To Render Financial Aid to the Developing Countries.

Countries	1974-1975	1976-1977	1978-1979	1974-1979
Countries of the Socialist Community	0.12	0.10	0.09	0.10
Developed Capitalist Countries, total	0.05	0.04	0.05	0.05
Included in Above: on a bilateral basis	0.04	0.03	0.03	0.03

\* The ratio of the volume of financial aid granted for economic development needs to the export of goods to the liberated countries considering income per capita in the granting countries.

Sources of this table: "Handbook of International Trade and Development Statistics 1972," New York, 1972, pp 46, 58, 333, 338; "Handbook of International Trade and Development Statistics 1979," pp 76-77, 473, 478; "Handbook of International Trade and Development Statistics, Supplement 1977," New York, 1978, pp 54-55, 227, 231, 232; "Monthly Bulletin of Statistics," July 1980, pp XX-XXII; "Development Cooperation Review 1980," OECD, Paris, 1980, pp 170, 179.

international security, against the infringement of aggressive imperialist circles! The experience of recent years demonstrates irrefutably that it is precisely the growing defensive might of the socialist community that has protected many liberated countries from armed intervention by the imperialist powers.

#### Types and Conditions of Socialist Credit

Various forms of credit are used in the trade and economic cooperation between the socialist countries and the developing countries. Long-term intergovernmental investment credit predominates in rendering economic and technical assistance. For example, at the end of the 1960's they accounted for more than 80 percent of USSR expenditures for participation in the construction of industrial enterprises and other projects built on an economic cooperation basis.<sup>16</sup> The articles appropriated under these credits are, as a rule not simply goods, monetary capital, or convertible currency. This credit is used purposefully for preparatory work, construction, equipping and operating cooperative projects, or any other needs of cooperation. Investment credit granted by the CEMA countries is given on agreements which usually have a term of 10-12 years, sometimes up to 15, and charge 2-3 percent annual interest with a grace period of 1-3 years.<sup>17</sup>

The trade of the socialist countries with the developing countries is done by clearing credit and company credit on a commercial basis. Clearing credit is used to finance a negative balance on current trade transactions formed by the liberated countries under the clearing system of payments. Company credit is used

when the socialist countries sell machinery and equipment outside the framework of intergovernmental agreements. In 1971-1976, for example, the Soviet Union exported 360 million rubles worth of power equipment on a commercial basis. The cost of most of these loans is 4-5 percent a year. They are medium-term (3-5 years) in length, but for deliveries of heavy machinery and equipment for large installation the period can be extended for a longer time, up to 10 years.

Where credit relations are widely used consideration should be given not only to the absolute levels of interest rates but also to the comparative cost of socialist credit. International comparison will allow us to more fully identify and evaluate the advantageousness of credit relations between the socialist and liberated countries.

As we know, the countries of the socialist community have credit relations among themselves and with the developing capitalist countries, in addition to relations with the developed countries. The interest rates of the International Bank of Economic Cooperation and International Investment Bank, which carry on international credit transactions within the CEMA framework, can serve as the indicator of the cost of credit in relations among CEMA countries. The International Bank of Economic Cooperation provides short-term and medium-term service to bank members, charging interest of 2-5 percent annually in transfer rubles. A lower rate, 0.5-2 percent a year, is charged to Mongolia, Cuba, and Vietnam. The International Investment Bank provides long-term and medium-term investment credit to its participants. The cost of this credit in transfer rubles is 3-5 percent a year, with annual rates of 1.5 percent to Mongolia and 2 percent for Cuba. The interest rate on credit from this bank in convertible currency is determined based on consideration of the level of interest rates in the capitalist markets.<sup>18</sup> The credit relations of the socialist countries with the developed capitalist countries, of course, are structured in conformity with market rates of capitalist credit. The figures given show that the developing countries have better conditions in credit relations with countries of the socialist community.

Let us look at the situation in the sphere of credit relations between the developing countries and the developed capitalist countries.

The credit relations of the liberated countries with the developed capitalist countries, which account for most of the credit transactions of the former colonies and semicolonies, are carried out by different channels. Among them are bilateral state credit for developmental services, bilateral state export credit, credit from international financial institutions, private company credit, and credit from private banks. Western economic literature, including the publications of the United Nations and its institutions, frequently focuses attention on interest rates for bilateral state credit for developmental purposes. At various international forums it is precisely this type of credit that is the center of discussion, so that it in a way comes to characterize all credit relations between the developing countries and the developed capitalist countries.

But certainly it is obvious that the attempts of many bourgeois economists and political figures to take Western state credit for developmental purposes to use

in comparing the cost of credit granted to new states by the socialist and developed capitalist countries are completely improper? After all, state credit for developmental purposes is just a small part of the credit flowing from the developed capitalist countries to the liberated countries, and its relative significance is decreasing. Therefore, only the total cost of all Western credit and the credit given by the socialist countries can be used as a reliable foundation for a comparison (see Table 3 below).

Table 3. Cost of Using Credit Resources\* Received by the Developing Countries from Different Creditors, %

Countries	1974	1975	1976	1977	1978
Developed Capitalist Countries	5.2	6.2	6.0	6.3**	7.1**
State Credit for Developmental Purposes	2.4	2.5	2.4	2.1	2.3
Other State Credit	6.0	6.1	6.4	6.0	7.7
Guaranteed Private Export Credit	6.6	7.5	7.5	7.5	7.7
Remaining Bilateral Credit	9.0	9.2	7.7	7.1	-
International Private Bank Credit and Loan Bonds	12.9	10.0	7.5	7.9	8.6
International Financial Institutions	5.2	5.6	5.0	5.2	5.6
Socialist Countries	1.9	1.8	1.7	1.6	1.8
OPEC Countries	6.9	4.1	2.4	4.0	4.2
Other Developing Countries	9.4	8.5	5.7	4.6	4.9

\* The ratio of interest paid to credits received is used.

\*\* Aggregate data for developed capitalist countries and the international capitalist market.

Source of Information: "Development Cooperation," OECD, Review for 1976, p 254; Review for 1977, p 210; Review for 1978, p 248; Review for 1979, p 257; and Review for 1980, p 219.

As the table clearly shows, the cost of credit from the socialist countries is substantially lower than the total cost of Western credit. Even if we extract from Western credit the least expensive state credits for developmental purposes, they were 26.41 percent higher than the cost of credit from the socialist countries. Thus, an analysis of international credit relations confirms that credit from the socialist countries is preferable and does not serve the purpose of exploiting the liberated countries.

The interest rate is not the only reason that credit from the socialist countries is more advantageous for the liberated countries. Unlike Western state credits for developmental purposes credit from the socialist countries does not carry with it open or hidden supplementary demands of the borrowers which either increase the cost of credit or infringe on the political sovereignty and economic independence of the developing countries. Repayment times and conditions on credit from the socialist countries are also better for the developing countries. Payment of the principal of a loan after completion of construction of the cooperative projects or delivery of the equipment makes it possible to use some of the new output to meet credit obligations. The form of credit repayment using either output from enterprises built with the credit or traditional export goods is also very important. In recent years more than 20 percent of all export by the developing countries to the USSR has been output from enterprises built with Soviet participation. This procedure for repaying debts does not increase the expenditure of convertible currency or strain the balance of payments of the liberated countries. Indeed, it promotes an increase in their export potential and broadens the stable, guaranteed market for output of the national economy.

The experience that has been accumulated in currency-financial cooperation between the socialist and developing countries shows that the participants always have a full opportunity to find mutually acceptable solutions on questions of the scope of economic and technical aid and accompanying credit, the conditions and forms of repayment of indebtedness, organization of mutual charges, and the like in their bilateral relations. The socialist countries take the currency-financial status of the young countries into account in their own credit policies and try to ease their payment difficulties as much as possible.

Expanding the currency-financial relations of the socialist and developing countries not only meets the needs of both groups of countries for economic development and makes it possible to strengthen the material foundation of the alliance between world socialism and the national liberation movement, it also has the following results: lessening the domination of the imperialist powers in the currency-financial sphere and strengthening the position of the developing countries in the struggle against discrimination, dictatorial treatment, and exploitation by monopoly capital. Their cooperation with the socialist countries opens up realistic ways to establish a new international system of equal, fair, and mutually advantageous economic relations in the interests of all countries and all people.

#### FOOTNOTES

1. V. I. Lenin, "Poln. Sobr. Soch." [Complete Works], Vol 35, p 222.
2. S. I. Tyul'panov, "Ocherki Politicheskoy Ekonomii. (Razvivayushchiyesya Strany)" [Essays on Political Economy (The Developing Countries)], Moscow, 1969, p 162.
3. N. A. Ushakov, "Strany SEV i Razvivayushchiyesya Gosudarstva Sotsialisticheskoy Oriyentatsii: Ekonomicheskoye Sotrudnichestvo" [The CEMA Countries and The Developing States with Socialist Orientations: Economic Cooperation], Moscow, 1980, pp 15-16.



4. Ibid., pp 26-27.
5. "Sotrudnichestvo Sotsialisticheskikh i Razvivayushchikhsya Stran: Novyy Tip Mezhdunarodnykh Ekonomicheskikh Otnosheniy" [Cooperation Between the Socialist and Developing Countries: a New Type of International Economic Relations], Moscow, 1980, p 72.
6. "Development Cooperation. 1980 Review," OECD, Paris, 1980, p 88.
7. EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV, No 5, 1979, p 94; "Sotrudnichestvo..." op. cit., p 42.
8. See L. Z. Zevin, "Novyye Tendentsii v Ekonomicheskom Sotrudnichestve Sotsialisticheskikh i Razvivayushchikhsya Stran" [New Trends in Economic Cooperation Between the Socialist and Developing Countries], Moscow, 1970, p 30.
9. "Sotsialisticheskaya Ekonomicheskaya Integratsiya i Sotrudnichestvo s Razvivayushchimisya Stranami" [Socialist Economic Integration and Cooperation with the Developing Countries], Moscow, 1975, p 121; VNESHNYAYA TORGOVLYA, No 2, 1979, p 39.
10. "Sotrudnichestvo..." op. cit., p 125.
11. M. M. Maksimova, "SSSR i Mezhdunarodnoye Ekonomicheskoye Sotrudnichestvo" [The USSR and International Economic Cooperation], Moscow, 1977, p 125.
12. "Strany SEV v Mirokhozayaystvennykh Svyazyakh" [The CEMA Countries in World Economic Relations], Moscow, 1977, p 125.
13. Calculated from "Development Cooperation," OECD, Reviews for 1973, 1976, 1977, and 1980.
14. "Development Cooperation. 1980 Review," OECD, Paris, 1980, pp 204-207.
15. See "Document UN. A/Res/34/189," 15 November 1980, p 2.
16. D. Degtyar', "Plotvornoye Sotrudnichestvo" [Beneficial Cooperation], Moscow, 1969, p 20.
17. "Sotrudnichestvo...", op. cit., p 42.
18. "Problemy Razvitiya Sotsialisticheskikh Finansov" [Problems of the Development of Socialist Finances], Moscow, 1977, p 409.

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## TRADE WITH LDC'S

### OVERVIEW OF AID, COOPERATION OF SOCIALIST COMMUNITY WITH DEVELOPING NATIONS

Moscow NARODY AZII I AFRIKI in Russian No 2, 1981 pp 3-13

[Article by R. N. Andreasyan: "The Socialist Communist and the Developing Countries — Economic Cooperation"]

[Text] The economic policy of the socialist countries in relation to the liberated countries implements the fundamental principle of V. I. Lenin concerning the need for a very close alliance between the revolutionary movement of the working class and the struggle of the peoples of the colonial and dependent countries for national liberation. The first decrees of the Soviet Government, written by V. I. Lenin, announced a "complete break with the barbaric policy of bourgeois civilization, which has built the well-being of the exploiters in a few chosen countries on the enslavement of hundreds of millions of working people in Asia, in colonies generally, and in small countries."<sup>1</sup> Even in those years the founder of the Communist Party and Soviet State emphasized that the world's peoples were becoming "accustomed to recognizing the economic necessity of an alliance with Soviet Russia against international imperialism" because it was socialism that created "entirely new international relations that offer all oppressed peoples an opportunity to rid themselves of imperialist oppression."<sup>2</sup>

V. I. Lenin saw a direct relationship between the social liberation of the working class, its acquisition of political power, and building the first socialist state, on the one hand, and help to other people in their struggle against imperialism on the other. He considered this help an essential condition of social progress.

This Leninist principle remains one of the key foundations of the policy of the CPSU and Soviet Government. Presenting the Accountability Report of the CPSU

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<sup>1</sup> V. I. Lenin, "Poln. Sobr. Soch." [Complete Works], Vol 35, p 222.

<sup>2</sup> Ibid., Vol 42, p 107

Central Committee to the 26th party congress, General Secretary of the Central Committee L. I. Brezhnev said: "We are developing broad, mutually advantageous cooperation with the liberated countries."<sup>3</sup>

The first steps in this direction were taken early in Soviet days. Suffice it to recall the renunciation of Tsarist Russia's oppressive treaties with China, Iran, and Turkey and its economic aid to Turkey and Afghanistan during the period between the two World Wars.

After World War II when the rapid elimination of the colonial system in Asia and Africa began and the liberated countries developed the struggle against the colonial inheritance in the social and economic fields, economic collaboration between them and the socialist community began to grow quickly and fruitfully. It soon reached such a large scale that the principles on which it was based began to exercise a growing influence on the entire system of international economic relations, promoting an economic upswing in developing countries, helping their successful struggle against neocolonialism, and forcing the developing capitalist countries to make significant economic concessions to their former colonies and semicolonies.

The developing countries learn from their own experience that the USSR and the socialist community are a reliable support in the struggle to consolidate their political independence and achieve socioeconomic progress. The newly independent countries receive not only an alternative source of economic aid, but also an alternative path of historical development, opposed to the dependent capitalist path. The patriotic and democratic forces of the developing countries are increasingly coming to the conclusion that the historical prospects of the liberated countries and successful solutions to the difficult problems of social and economic development are linked to expanded and strengthened equal, mutually advantageous cooperation with world socialism, with its direct and indirect influence on the entire system of international economic relations. This gives the peoples of the developing countries an objective interest in the further progressive development of the world socialist system.

The concrete historical economic development of the liberated countries sometimes follows a complex, zigzag path and does not always have rigidly defined alternatives. For example, the OPEC countries, which have been able to impose their trading conditions to some degree on the industrially developed capitalist countries, have become major exporters of loan capital. In a number of these countries, as well as in certain others, fairly rapid economic development along the capitalist path is taking place. At the same time, certain countries with socialist orientations are experiencing major economic difficulties and the issue of choosing paths of historical development has not yet been finally decided.

Some ideologists and politicians in the developing countries aspire to work out their own model of development, claimed to be "unique" and expected to rely on

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<sup>3</sup>PRAVDA 24 February 1981

traditional precapitalist norms. Nonetheless, in the broad context of historical development, the destinies of the liberated countries of Asia and Africa will be determined by their choice between the two basic possibilities.

The socialist community constructs its economic relations with the developing countries on a basis that differs fundamentally from the capitalist system of economic relations with former colonies and semicolonies. The most salient characteristic of the aid given by the USSR and the other CEMA countries is the socialist character of its sources and methods of realization. The financial and economic resources that the socialist countries put at the disposal of the developing countries in the name of cooperation are not formed from profit gained by monopolies from exploiting these countries; they come entirely from the labor of the peoples of the socialist countries, from the national income they themselves have created.

When rendering the aid the socialist community does not seek concessions and military bases in the developing countries; it does not link its aid to political conditions and intervention in the internal affairs of the partner countries. Unlike the imperialist countries, the USSR and the other CEMA countries do not try to export their socioeconomic ways in relations with the developing countries; they respect the historical choice of the particular country. At the same time it is natural that the countries with socialist orientations enjoy special attention, because we see them as allies in the struggle against the world system of capitalist exploitation.

The socialist countries do not condition their cooperation on acquiring unilateral economic advantages. Enterprises built on the basis of cooperation become the property of the developing countries. At the same time CEMA countries try to secure their own legitimate business interests on a basis of equality, mutual advantage, and a fair consideration of the needs of both parties. The socialist countries, while scrupulously carrying out the obligations they have assumed, have an interest in seeing that the credit they have granted is repaid on time in the designated goods or currency. These are the fair and honest democratic principles of economic cooperation.

The socialist community develops cooperation for the purposes of overcoming the economic backwardness and neocolonial dependence of the developing countries; building a multisectorial and technically sophisticated national economy; carrying out industrialization in the broad sense of the word; expanding and strengthening the position of the liberated countries in the international division of labor; raising the material and cultural levels of their peoples.

An important advantage of cooperation between the socialist countries and the developing countries is the international character of all relations. This makes it possible to carry out large-scale projects and build entire national economic complexes, something that is usually beyond the power even of the multinational corporations. The practice of concluding long-term inter-governmental agreements on economic cooperation and the development of foreign trade between two groups of countries on the basis of coordinated plans for national economic development of the partners is growing. These agreements have a high degree of reliability because they are oriented to the international



socialist market, which does not undergo crises, and to countries whose development is carried out on the basis of scientifically developed plans.

A positive aspect of socialist cooperation is concentration of efforts on the development of the state sector of the liberated countries. The state sector is correctly considered the backbone of their economies and an important factor in the struggle for economic independence. In many cases the socialist countries also place their orders with private firms, thus promoting a general economic improvement in the developing countries. Unlike the West, however, they do not place their hopes on the development of national capitalism.

Fruitful cooperation between the socialist community and the group of developing countries is broadening as the focus of the national liberation movement increasingly switches to the sphere of struggle for economic development and economic independence. So world socialism, after providing great support to the peoples of Asia and Africa in their struggle to gain national sovereignty, has now become their helper in solving new problems.

As it creates and refines the principles and methods of economic cooperation, the socialist community is essentially shaping a new international division of labor between countries with different levels of development and different socio-economic systems. This kind of cooperation and this division of labor are mutually advantageous. They help the developing countries increase their role and significance in the world capitalist economy and in international relations and help them defend their interests in relations with the West, while allowing the socialist community to increase the efficiency of the world socialist economy and more fully and rapidly meet the needs of their economies and populations for those goods which they cannot produce for physical reasons or whose social costs of production are much higher than in the developing countries.

No matter what sphere of this cooperation we consider, whether it is trade, economic aid, or technical aid, we can clearly see significant progress. The foreign trade of the CEMA countries with the developing countries increased 9.8 times between 1961 and 1978, from 1.7 to 16.6 billion rubles.<sup>4</sup> In the structure of trade between the two groups of countries export from the socialist countries significantly exceeded import from the developing countries. The share of the socialist community in the total passive remainder of the trade balance of the developing countries in 1976 was just 5.2 percent.

In trade with the developing countries the socialist nations are chiefly suppliers of industrial goods. Special attention is given to deliveries of full sets of equipment against allocated credits. For example, in USSR export with Iran, Iraq, and Algeria this subheading accounted for more than 50 percent of trade. Other important items of export by the socialist countries to the developing countries are consumption goods, food, chemicals, fuel, and raw

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<sup>4</sup> V. Ye. Gankovskiy, "Razvivayushchiesya Strany. Aktual'nyye Problemy Vneshneekonomicheskikh Otnosheniy" [The Developing Countries. Timely Problems of Foreign Economic Relations], Moscow, 1978, p 142.

materials. The USSR exports to them a significant amount of rolled ferrous metals, petroleum products, fertilizers, lumber, and fabrics.

The partners of the socialist community supply the community chiefly with products from tropical crop and livestock farming, petroleum and natural gas, natural rubber, and nonferrous metals. In recent years there has been both absolute and relative growth in import of petroleum, on the one hand, and in the import of output from young national industries on the other, including industries founded on the basis of assistance from the socialist countries themselves. In the mid-1970's finished goods delivered to the USSR accounted for up to 30 percent of import.<sup>5</sup>

The principal trade partners of the socialist countries among the liberated countries are Iraq, Iran, India, and Algeria. Trade relations with the African states, Turkey, and Afghanistan are developing. Members of OPEC account for one-third of all the trade of the CEMA members, although they are just 10 percent of the total number of developing countries. The trade of the CEMA countries with OPEC countries increased five times in 1970-1977, while CEMA import increased seven times. The principal partners of the CEMA countries among the OPEC countries were Iraq, Iran, Libya, and Algeria.

The scale and rate of growth of import could have been much greater and the size of the passive remainder of the group of developing countries in trade with the socialist community smaller if the quality of export-output of the liberated countries were higher, if it came closer to world standards, if it were possible to bypass the mediating functions of multinational corporations and western markets with respect to deliveries of products of tropical agriculture and nonferrous metals and finally, if some of our partners did not try to set prices on exported goods at unjustifiably high levels.

The successes in development of trade between the two groups of partners are owed to a significant degree to the fact that, at the initiative of the socialist countries, this trade has been organized on a solid basis of legal contracts in the form of long-term (3-5 and more years) trade agreements and payment for deliveries by the socialist countries is made not in convertible currency, as is the case in trade with the West but rather in the national currency of the country from whom the local export goods are purchased.

In addition to trade, economic and scientific-technical aid by the socialist community to the liberated countries plays an important role in the system of cooperation. This is perhaps the chief means of raising the economies of these countries, the most dynamic and effective tool for carrying on relations between the socialist countries and the liberated countries.

Economic aid is based on long-term intergovernmental agreement with the developing countries. The number of such agreements has risen from 34 in 1962 to 78

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<sup>5</sup>N. Shmelev, "Sotsializm i Mezhdunarodnyye Ekonomicheskiye Otnosheniya" [Socialism and International Economic Relations], Moscow, 1979, p 180.

in the second half of the 1970's. These agreements, many of which are concluded for periods of 10-15 years, tie trade and aid closely to the long-term plans and programs of economic development of the partners. The USSR has concluded such agreements with Iraq, Syria, Algeria, India, and Turkey, while Bulgaria and Poland have such agreements with Iran and Bulgaria also has them with Iraq and Mozambique.

In the 1970's the first multilateral agreements between the CEMA countries and certain developing countries, Iraq and the People's Democratic Republic of Yemen, were concluded. They give the partners of CEMA coordinated cooperation with different socialist countries in development of the most important parts of their national economic complexes, while they offer the socialist countries delivery of the export goods of the partners on a long-term basis.

Cooperation is also made more efficient because experts from the socialist countries take part in writing the developmental plans of the liberated countries (Iraq, Algeria, Syria, the People's Democratic Republic of Yemen, and others), coordinating these plans with the developmental prospects of the CEMA countries. Ongoing ratification of the object of cooperation and developmental plans is accomplished within the framework of mixed commissions for economic and scientific-technical cooperation.

The efforts of the partners over the years have borne fruit. More than 3,500 different projects have been built or are under construction in the developing countries with aid from CEMA, roughly one-third of them with aid from the USSR. Three-quarters of the projects have already been launched in operation. Most of the projects have been built in countries bordering on the USSR and in countries with socialist orientations. They account for four-fifths of the total amount of credit.

With the assistance of the CEMA countries the developing countries have built and are building enterprises which, taken together, are capable of producing 30 million tons of cast iron and steel a year and extracting 60 million tons of petroleum. The capacities of the petroleum refineries built with CEMA aid are 30 million tons a year, while the power plants can produce 16 million kilowatts. The CEMA countries have built 180 machine building and metal working plants in the developing countries. The construction of large hydroengineering projects and irrigation systems with aid from the CEMA countries makes it possible to develop 3 million hectares of arid land. More than 350,000 citizens from Asia, Africa, and Latin America have received secondary and higher education in the CEMA countries, more than 50 percent of them in technical fields. In the second half of the 1970's more than 41,000 specialists from the developing countries were educated at higher educational institutions in the CEMA countries. As of the end of 1978, more than 800,000 skilled workers for industry and agriculture, foremen, technicians, engineers, and other specialists, had been trained in the developing countries by different forms of education with USSR assistance.

The contribution of the socialist countries to the economic development of the young states covers all spheres and fields of the national economy as well as the training of specialists. At the same time, the main orientation is clearly discernible: assistance with industrial development.



The priority given to industry is entirely reasonable, because it is industrialization that permits rapid elimination of economic backwardness, the creation of a diversified and contemporary economy, fuller involvement of national and labor resources in the economy, a lessening of dependence on importing various industrial and consumer goods, and an increase in the export of semifinished and finished goods. Industrialization makes it possible to put agriculture on a new technical basis, raise the level of literacy and culture among the masses of common people, strengthen domestic science, raise the social productivity of labor, and on this basis raise the standard of living of the working people.

More than three-quarters of all allocated credits go to the industrial sphere, with the lion's share going to heavy industry (extraction and processing of raw materials, production of ferrous and nonferrous metals, rolled metal products, equipment, and machinery). Entire complexes of metallurgical plants and heavy machine building plants are being built with CEMA aid, including enterprises to produce metallurgical, underground mining, forge-press, hoisting-transportation, and power equipment as well as machine tools. In this way the aid of the socialist countries not only helps lay the foundation for industrialization of the liberated countries, but also helps erect the structure itself by building key industrial projects envisioned in plans of economic development. The rapid industrial development of India, Iraq, Algeria, and several other liberated countries is directly linked to aid from the socialist community.

In the current phase of development in the strategy of industrialization attention is focused on building those types of enterprises and sectors which can produce output for export or to replace imported goods and will become an organic part of the unified national economic complex. The special value of cooperation between the developing countries and the socialist community lies precisely in the fact that it is increasingly moving from the construction of individual industrial projects to the formation of entire national economic complexes consisting of numbers of interrelated industrial facilities (extraction and processing of mineral products, production of equipment and machinery for mining industry, production of machine tools and other types of manufacturing industry). The most characteristic examples of the construction of such complexes are India and Iraq. The West does not undertake such obligations.

The socialist countries render economic and technical aid to the developing countries by granting credit, both medium-term commercial credit and long-term special credit. By the end of 1978 the total amount of credit was 16 billion rubles. Certain countries had large shares of industrial financing: Iraq already by the end of the 1960's had 27 percent, while Egypt had 40 percent, Afghanistan 6.2 percent. The favorable character of the credit was especially apparent in the first years that it was granted, when the conditions of the credit were much better for recipients than the rigid requirements demanded by Western lenders. But today too these conditions are advantageous for the developing countries. Credit is granted for periods of 10-12 years, frequently at interest rates of 2.5-3 percent annually. Repayment is made by delivery in



traditional export goods or in freely convertible currency, and it begins 1-2 years after completion of the delivery of equipment or even its installation.

World socialism has both a direct and an indirect impact on the development of the liberated countries. Its positive character is a result of the fact that the bearer of this influence is the most progressive socioeconomic formation of the day, one that has enormous advantages and prospects and has demonstrated its historical superiority to the capitalist system.

The experience of the Soviet Union in overcoming economic and cultural backwardness in a historically short period of time is enormously valuable. Many methods from the treasure of Soviet experience have received attention and careful study in the liberated countries and are being used actively by them. The principal ones are those related to solving the problem of savings — planning and industrialization, and on the scale of the entire socialist community — proclaiming and implementing the principles of socialist mutual aid and bringing backward countries and peoples up to the level of the leaders.

The beneficial influence of these methods and tools of economic development is obvious. Of course, the opportunities for broad industrialization are limited in many countries which have mixed social orders. Moreover, planning itself pursues different social goals depending on the historical path along which the particular liberated country is moving. But in any case, it is a matter of using these methods to establish an independent economy and thus diminish dependence on imperialism.

As for the state sector, the objective necessity of such a sector as the principal social form for overcoming economic backwardness relies in large part on a consideration of Soviet experience. Of course, the state sector and state system can also differ by social character and promote development along either the capitalist or noncapitalist path, and may even serve as a channel of imperialist expansion in the case of close cooperation with multinational corporations. Nonetheless, the expansion of the state sector at the expense of the private sector is progressive in principle because it creates important prerequisites for reorganizing society on a socialist basis.

The cooperation between world socialism and the developing countries has a very significant impact on progressive changes in their social structure. This is expressed above all in growth of the local working class, which increasingly provides a broad social base for the activity of communist and revolutionary democratic parties.

During the process of providing technical aid in the developing countries local cadres of intelligentsia who have been trained and educated in socialist centers of learning grow rapidly. Many of these people become not only propagandists for the technology of the CEMA countries, but also, equally important, advocates of friendship between their countries and the socialist countries. Many political and social leaders in the young countries have come from this group.

The objective need for continued development of economic and scientific-technical cooperation between the socialist community and the liberated countries necessitates a refinement of the forms and methods of economic exchange and its application to new spheres in order to improve the efficiency of this exchange and increasingly satisfy all the needs of both groups. It is evident the challenge here is to develop those forms and methods which are appropriate to contemporary trends in the international division of labor, with a growing role played by production cooperation relationships and shifting energy-intensive and labor-intensive sectors to the developing countries.

Under these conditions such methods as conventional trade and delivery of equipment on credit are inadequate because they do not create stable foreign economic links and cannot serve as the foundation of long-term cooperation. Production cooperation on the intersectorial and intrasectorial levels meets these requirements. It can effectively foster the establishment and successful functioning of territorial production complexes and national economic complexes with broad development of domestic and foreign links. Production cooperation is the main line of development of economic cooperation, because it is able to undertake the establishment and development of mutually complementary production facilities, and links between them are less subject to political and economic fluctuations than are conventional trade relations.

Production cooperation can be organized for deliveries of equipment and services within the framework of credit-compensation agreements based on deliveries of intermediate output for manufacture of the final product, on the basis of specialization in the production of certain parts and assemblies, and in the form of joint or mixed enterprises. Whereas the first form is used successfully primarily in mining industry, the others can and do find practically universal application, including in manufacturing industries. The exploitation of Guinean bauxites with USSR assistance and the Soviet-Moroccan agreement on development of the rich phosphorite deposits in Morocco are examples of the first forms. The other forms are successfully employed by the Soviet Union's CEMA partners in the production of buses (Hungary - Iraq) and in shipbuilding (Poland - Algeria and Poland - India).

Joint (mixed) enterprises have received more and more attention in recent years. There are now more than 100 of them. The European socialist countries, together with the developing countries, have established mixed companies in different economic sectors. The USSR at present limits itself to fishing and the sphere of marketing its goods in the markets of the liberated countries. The developing countries willingly use this form because it gives them broader access to progressive technology and foreign markets. The foreign participants in joint companies have better reason to expect uninterrupted supply of output from these enterprises, including raw materials, semifinished goods, and finished goods than does the ordinary customer because the local firms (as a rule state firms) are directly interested in these deliveries. The fact that the socialist partner will receive profit is not an impediment because the profit is primarily a monetary expression of profitability in the overall norm of correct management in conditions of commodity-money relationships. Without profitability, which means without profit, no economic unit could exist and develop efficiently.

Combining the efforts and material capabilities of the interested CEMA countries enables them to coordinate and concentrate their efforts on development of the most promising countries and sectors and to set up production cooperation for the manufacture of various types of equipment and formation of corresponding export resources, which can be envisioned in their own developmental plans.

So-called trilateral agreements on construction of a particular project in the developing countries through the joint efforts of socialist and capitalist states are being more and more widely used.

Finally, the socialist countries are attracting so-called petrodollars for construction of various production projects, including facilities that will produce output for export to the lender countries, in their own territory. In other words, this is production cooperation in the form of credit-compensation agreements in which the socialist country is both the object of financing and the supplier of export-output for the needs of the developing countries at the same time.

The significance of all these forms of production cooperation has been growing recently because the European socialist countries are purchasing a certain amount of petroleum from the petroleum-exporting developing countries at the high and fast-increasing world price. Such cooperation enables them to save freely convertible currency used for this purpose and to increase the reliability of supplies, while the petroleum exporters receive politically supportive partners and a broad market.

Some difficulties and problems are arising in the development of cooperation between the two groups of countries. The socioeconomic and political systems of the partners are different. Socialist ownership in the one case and pre-socialist forms in the other sometimes make it hard to coordinate plans for economic development, set up the mechanism, and raise the efficiency of cooperation. The exploiter or petty bourgeois classes and social groups that dominate many developing countries show a tendency to use ties to the socialist community not only to improve the economies of their countries, but also to satisfy their own interests, which are in some degree different from the needs of the broad masses of working people, and also to put pressure on the developed capitalist states so that they can enter the world capitalist system under more advantageous conditions.

Many developing countries do not want to draw distinctions between the attitudes towards them by the capitalist and socialist countries, above all the United States and the Soviet Union. They put these countries on the same slate when making requests and claims relative to the amount and conditions of aid and trade, and when evaluating economic exchange are inclined to compare quantitative parameters without the proper attention to qualitative differences.

The chronic political instability of many developing countries with sudden changes of regimes and foreign policy orientations often leads to artificial difficulties in the development of cooperation with the socialist countries, and sometimes to practical curtailment of this development. This seriously disrupts



the implementation of plans for economic development of the socialist countries because it reduces supplies of goods that were planned and accounted for in balances and makes repayment of credit granted earlier much more difficult.

The great dependence of the liberated countries on the world capitalist economy causes significant irregularity in economic development owing to the impact of the cycles of capitalist reproduction with its upswings and crises; it also interferes with cooperation between the socialist countries and the West, which has preserved its direct and indirect levers of influence on the economies and finances of the recipient countries and draws off the lion's shares of their trade and export resources.

The low level of economic development of the liberated countries limits mutually advantageous trade because it narrows the possibility for the socialist countries to receive essential goods from their partner countries. The underdevelopment of local construction organizations and shortage of domestic skilled workers reduces the rate of construction of cooperative projects, and the lack of experience in managing modern enterprises is reflected in the level of their profitability.

The policy of international solidarity between the socialist community and the national liberation movement manifests itself in vigorous support of the struggle of the developing countries to revise international economic relations and base them on the principles of justice and respect for the legal rights and requirements of the former colonies and semicolonies.

The socialist community supported the declaration presented by the developing countries at the 6th Special Session of the U. N. General Assembly of 1974 on the establishment of a new world economic order. At the 14th Session of the General Assembly in December of the same year the socialist countries facilitated the adoption of the Charter of Economic Rights and Duties of States by the international community. At subsequent U. N. conferences, including the 4th (1976) and 5th (1979) sessions of UNCTAD, the Soviet Union and the other CEMA members have provided support for the basic, just demands of these countries. The 23 November 1978 declaration of the Warsaw Pact countries emphasizes the "special importance for all humanity of the struggle to eliminate underdevelopment, to reorganize international economic relation on a just and democratic basis, and to establish a new international economic order."

At the 4th Session of UNCTAD the CEMA countries presented a joint statement which reaffirmed their support for the progressive principles of the program for a new world economic order and advanced a constructive program of development and refinement of cooperation with the developing countries on a truly democratic basis. The program expressed the desire of the socialist community in rendering aid to the liberated countries to overcome their economic backwardness, build national economic complexes through joint efforts, develop production cooperation, train local skilled workers, and so on. At the same time it was emphasized that the success of cooperation will depend on the efforts of all partners and on responding efforts from the liberated countries themselves.



The socialist countries firmly oppose the use of such eclectic theories as "poor and rich nations," "North and South," and "two superpowers" in international dealings. Despite differences in their origin, these theories have one common denominator: a deliberate disregard of the fundamental difference between the socioeconomic and political nature of the socialist and capitalist countries. This is done to make it easy to present the same demands to both. Willingly or not, the representatives of those developing countries which zealously follow the policy of equal demands and, incidentally, equal remoteness from the two world social systems and blocs, are trying to distort the true intentions and goals of the socialist states. They do not want to consider that socialism does not bear historical responsibility for past and current exploitation of the developing countries by capitalism and that world socialism has voluntarily undertaken its international duty to help people in conformity not only with its own principles but with real, concrete opportunities.

In the West attempts are continuing to diminish the significance of economic aid by the socialist countries to the developing countries. The leadership of the PRC also tries to incite anti-Soviet attitudes in the developing countries with unfounded charges that the Soviet Union is following a supposedly new colonialist policy with respect to its partners in Asia and Africa. At the same time Beijing publicizes its own aid by every possible means, even though it is in no way comparable to Soviet aid in dimensions or technical level and, moreover, experience has demonstrated that it is granted on strict political conditions. Finally, certain forces in the developing countries continue to make identical claims against the socialist and capitalist countries, not understanding or not wanting to understand that this policy limits support by the socialist states even for the just demands of the liberated countries. Judging by everything, bourgeois and anti-Soviet forces in a number of developing countries would like to achieve a certain compromise with state monopoly capitalism in the West and get concessions from it at the price of refusing to support the legal interests of the socialist community. But this will not permit solutions to the fundamental problems of the developing countries themselves and free them from their role of unequal, dependent, and exploited parts of world capitalism.

The historical experience of the struggle of the national liberation movement for political independence and economic self-sufficiency in the developing countries shows all democratic and progressive forces in Asia, Africa, and Latin America that the only way to make significant progress and force imperialism to surrender one position after another lies in solid unity with world socialism, with the socialist community. As for the socialist countries themselves, they will continue to follow the Leninist policy of international solidarity with the working masses who are oppressed and exploited by capitalism and will do everything they can for the economic and cultural development of the liberated countries, for their social progress in the interests of all humanity.

This policy is reaffirmed in the documents and resolutions of the 26th Congress of the Communist Party of the Soviet Union. After defining the basic directions of economic and social development for our country, the CPSU states that one of

the important challenges of developing the foreign economic ties of the USSR is further expanding multifaceted economic, scientific-technical, and other cooperation with the developing countries on a long-term, equal basis.

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TRADE WITH LDC'S

BRIEFS

AFGHAN PRINTERS TRAIN IN USSR—The first group of Afghan representatives received workers' diplomas for mastering printing professions. Experienced specialists of the Kalniniskiy printing combine instructed them over the course of several months. Having received the professions of printers, rolling-press operators, electricians, photographers, and equipment repairmen, the Afghan friends will work in the Kabul printing house where they will be able to put into practice the knowledge they acquired in the USSR. [Text] [Moscow PRAVDA in Russian 16 Jun 81 p 6]

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